

CEDERBERG

LOCAL MUNICIPALITY



[These financial statements have not been audited]

ANNUAL FINANCIAL STATEMENTS

30 JUNE 2013

CEDERBERG LOCAL MUNICIPALITY

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CEDERBERG LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

GENERAL INFORMATION

NATURE OF BUSINESS

Cederberg Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Cederberg Local Municipality includes the following areas:

Algeria
Clanwilliam
Lamberts Bay
Citrusdal
Graafwater
Leipoldtville
Elands Bay

MEMBERS OF THE MAYORAL COMMITTEE

Cllr Lorna Scheepers (Deputy Mayor but currently acting Mayor)
Cllr Danville Smith (Member)
Cllr William Abels (Member)

MUNICIPAL MANAGER

Mr. Ian Kenned

CHIEF FINANCIAL OFFICER

Mr. Elrico Alfred

REGISTERED OFFICE

2A Vootrekker Road
Clanwilliam

AUDITORS

Office of the Auditor General (Western Cape)

PRINCIPLE BANKERS

ABSA BANK Limited

AUDIT COMMITTEE

Francois Engelbrecht (Chairperson)
Christiaan Cloete
Denver Miller

ATTORNEYS

Webber Wentzel
Grant Spammer
Albertus Erasmus
Visser en Vennote
Burger en Marais
Mark Filtron
CK Rumboll
DM Hancaster
Erleigh and Associates
Nongogo Nuku
Turner Legal

CEDERBERG LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

GENERAL INFORMATION

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Remuneration of Public Office Bearers' Act (Act 20 of 1998)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALGBC Leave Regulations
National Environmental Management Act
Preferential Procurement Policy Framework Act, 200
Occupational Health and Safety Act

MEMBERS OF THE CEDERBERG LOCAL MUNICIPALITY

Ward 1	Cllr Johannes Jacobus Muller (Speaker)
Ward 2	Cllr Julio Julian Fransman
Ward 3	Cllr Lorna Scheepers
Ward 4	Cllr Jimmy Barnard
Ward 5	Cllr Danville Smith
Ward 6	Cllr William Abels
Proportional	Cllr Sylvia Cerliena Newman
Proportional	Cllr Judith Mouton
Proportional	Cllr Letta Matlhodi Maseko
Proportional	Cllr Benjamin Ferdinand Zass
Proportional	Cllr Charmaine Karika September

CEDERBERG LOCAL MUNICIPALITY

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2013, which are set out on pages 1 to 81 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

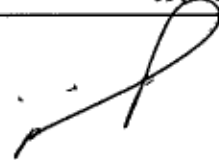
I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2014 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councilors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager



Date

29 August 2013

CEDERBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

	Notes	2013 R	Restated 2012 R
NET ASSETS AND LIABILITIES			
Net Assets		409 873 109	388 855 980
Capital Replacement Reserve	2	5 000 000	5 000 000
Accumulated Surplus		404 873 109	383 855 980
Non-Current Liabilities		49 363 010	42 743 469
Long-term Liabilities	3	17 436 212	8 686 982
Employee Benefits	4	19 067 368	18 619 441
Non-Current Provisions	5	12 859 429	15 437 045
Current Liabilities		57 888 614	34 695 613
Consumer Deposits	6	1 362 780	1 286 164
Current Employee Benefits	7	6 687 098	5 547 288
Provisions	8	6 388 940	2 171 679
Payables from Exchange Transactions	9	39 060 481	21 481 970
Unspent Conditional Government Grants and Receipts	10	1 121 730	1 648 197
Unspent Public Contributions	11	2 409	2 409
Operating Lease Liability	19	14 410	8 206
Current Portion of Long-term Liabilities	3	3 250 767	2 549 701
Total Net Assets and Liabilities		517 124 733	466 295 063
ASSETS			
Non-Current Assets		469 234 984	426 945 405
Property, Plant and Equipment	13	402 213 650	359 749 697
Investment Property	14	66 460 031	66 510 280
Intangible Assets	15	561 303	685 428
Current Assets		47 889 749	39 349 657
Inventory	16	2 881 902	3 138 593
Receivables from Exchange Transactions	17	24 765 851	21 579 918
Receivables from Non-Exchange Transactions	18	10 830 903	7 839 889
Unpaid Conditional Government Grants and Receipts	10	388 570	382 234
Operating Lease Asset	19	61 090	68 372
Taxes	12	2 285 665	460 677
Cash and Cash Equivalents	20	6 675 768	5 879 974
Total Assets		517 124 733	466 295 063

CEDERBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 R	Restated 2012 R
REVENUE			
Revenue from Non-exchange Transactions		118 936 778	100 893 185
Taxation Revenue		28 763 780	28 079 872
Property Rates	21	27 130 111	24 031 021
Other Taxes	22	1 633 669	4 048 851
Transfer Revenue		80 228 170	65 675 858
Government Grants and Subsidies - Operating	23	34 068 653	36 865 148
Government Grants and Subsidies - Capital	23	46 159 517	28 656 155
Public Contributions and Donations	11	-	154 555
Other Revenue		9 944 828	7 137 455
Third Party Payments		266 301	46 598
Fines	24	1 746 305	3 336 993
Transfer of Assets	25	6 364 070	3 752 533
Stock Adjustments		20 611	1 331
Actuarial Gains	26	1 547 541	-
Revenue from Exchange Transactions		80 631 053	76 934 359
Service Charges	27	70 934 330	67 174 006
Rental of Facilities and Equipment	28	2 825 607	2 744 824
Interest Earned - external investments		675 529	1 474 128
Interest Earned - outstanding debtors		2 711 680	2 283 086
Agency Services		1 053 400	971 740
Licences and Permits	29	818 610	764 079
Other Income	30	1 611 897	1 522 496
Total Revenue		199 567 831	177 827 544
EXPENDITURE			
Employee related costs	31	58 314 264	57 587 300
Remuneration of Councillors	32	3 456 600	3 569 187
Debt Impairment	33	3 330 677	8 227 646
Collection Cost		126 747	2 932
Depreciation and Amortisation	34	13 908 996	12 301 684
Impairments	35	38 293	7 895
Repairs and Maintenance		5 777 851	5 947 798
Actuarial Losses	26	-	2 988 606
Finance Charges	36	3 649 209	3 220 325
Bulk Purchases	37	50 436 181	43 422 667
Operating Grant Expenditure	38	7 985 279	14 072 381
General Expenses	39	30 891 985	25 932 415
Loss on disposal of Property, Plant and Equipment		634 619	2 036 600
Total Expenditure		178 550 700	179 317 436
NET SURPLUS FOR THE YEAR		21 017 131	(1 489 891)

CEDERBERG LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013

	Capital Replacement Reserve R	Accumulated Surplus R	Total R
Balance at 1 July 2011	5 000 000	507 632 352	512 632 352
Correction of error restatement - note 40	-	(122 286 482)	(122 286 482)
Rounding	-	1	1
Restated Balance at 1 July 2011	5 000 000	385 345 871	390 345 871
Net Surplus for the year	-	(1 489 891)	(1 489 891)
Restated balance at 30 June 2012	5 000 000	383 855 980	388 855 980
Deficit for the year	-	21 017 131	21 017 131
Rounding	-	(2)	(2)
Balance at 30 June 2013	5 000 000	404 873 109	409 873 109

CEDERBERG LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 R	Restated 2012 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and Other		98 206 527	95 549 632
Government		79 729 177	64 789 317
Interest		3 387 209	3 757 214
Payments			
Suppliers and Employees		(136 740 072)	(149 606 672)
Finance charges		(3 649 209)	(3 220 325)
Cash generated by operations	41	40 933 631	11 269 166
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	13	(49 658 472)	(36 950 861)
Proceeds from sale of Property, Plant and Equipment		-	110 606
Purchase of Intangible Assets	15	(6 276)	(524 037)
Net Cash from Investing Activities		(49 664 748)	(37 364 292)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(2 549 701)	(2 234 062)
New loans raised		12 000 000	3 032 175
Increase in Consumer Deposits		76 611	76 905
Net Cash from Financing Activities		9 526 910	875 018
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		795 794	(25 220 107)
Cash and Cash Equivalents at the beginning of the year		5 879 974	31 100 081
Cash and Cash Equivalents at the end of the year	42	6 675 768	5 879 974
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		795 794	(25 220 107)

CEDERBERG LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2013

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL POSITION					
Total current assets	45 747 317	-	45 747 317	47 889 749	2 142 432
Total non-current assets	545 952 000	2 382 000	548 334 000	469 234 984	(79 099 016)
Total current liabilities	12 087 742	-	12 087 742	57 888 614	45 800 872
Total non-current liabilities	44 530 000	-	44 530 000	49 363 010	4 833 010
TOTAL NET ASSETS	648 317 059	2 382 000	650 699 059	624 376 357	(26 322 702)
STATEMENT OF FINANCIAL PERFORMANCE					
REVENUE					
Property rates	29 028 054	-	29 028 054	27 130 111	(1 897 943)
Service charges	79 505 890	(1 440 000)	78 065 890	72 567 999	(5 497 890)
Investment revenue	3 251 799	(338 000)	2 913 799	3 387 209	473 410
Transfers recognised - operational	33 080 000	802 000	33 882 000	34 068 653	186 653
Other own revenue	37 292 431	1 050 965	38 343 396	16 254 342	(22 089 054)
Total Revenue (excluding capital transfers)	182 158 174	74 965	182 233 139	153 408 314	(28 824 825)
EXPENDITURE					
Employee costs	61 300 394	(3 720 773)	57 579 621	58 314 264	734 642
Remuneration of councillors	3 650 000	33 000	3 683 000	3 456 600	(226 400)
Depreciation & asset impairment	26 700 000	-	26 700 000	13 947 289	(12 752 711)
Finance charges	1 416 000	-	1 416 000	3 649 209	2 233 209
Materials and bulk purchases	40 770 682	6 000 000	46 770 682	50 436 181	3 665 499
Transfer of grants	-	-	-	-	-
Other expenditure	46 015 383	(7 381 000)	38 634 383	48 747 157	10 112 775
Total Expenditure	179 852 458	(5 068 773)	174 783 686	178 550 700	3 767 014
Surplus/(Deficit)	2 305 716	5 143 738	7 449 453	(25 142 386)	(32 591 839)
Transfers recognised - capital	44 308 000	8 493 000	52 801 000	46 159 517	6 641 483
NET SURPLUS FOR THE YEAR	46 613 716	13 636 738	60 250 453	21 017 131	(25 950 356)
CASH FLOW STATEMENT					
Net Cash Flow from Operating Activities	83 314 000	(16 633 000)	66 681 000	25 231 287	(41 449 713)
Net Cash Flow from Investing Activities	(56 616 000)	(7 374 000)	(63 990 000)	(46 685 773)	17 304 227
Net Cash Flow from Financing Activities	7 428 900	-	7 428 900	9 306 489	1 877 589
NET INCREASE IN CASH AND CASH EQUIVALENTS	34 126 900	(24 007 000)	10 119 900	(12 147 998)	(22 267 898)

Refer to note 55.01 for explanations of material variances between the original and final budget.

Refer to note 55.02 for explanations of material variances between actual amounts and the final budget.

Refer to note 55.03 for reconciliation between final budget amounts and final approved budget.

Material variances are considered to be any variances greater than R1.7 million.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 1 (Revised – Mar 2012)	Presentation of Financial Statements	1 April 2013
GRAP 3 (Revised – Mar 2012)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2013
GRAP 9 (Revised – Mar 2012)	Revenue from Exchange Transactions	1 April 2013
GRAP 12 (Revised – Mar 2012)	Inventories	1 April 2013
GRAP 13 (Revised – Mar 2012)	Leases	1 April 2013
GRAP 16 (Revised – Mar 2012)	Investment Property	1 April 2013
GRAP 17 (Revised – Mar 2012)	Property, Plant and Equipment	1 April 2013
GRAP 25 (Original – Nov 2009)	Employee Benefits	1 April 2013
GRAP 27 (Revised – Mar 2012)	Agriculture	1 April 2013
GRAP 31 (Revised – Mar 2012)	Intangible Assets	1 April 2013
IGRAP 16 (Issued – Mar 2012)	Intangible Assets – Website Costs	1 April 2013

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3. GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.6 AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.7. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.8. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2012 to 30 June 2013. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Statement of Comparison of Budget and Actual Amounts.

Explanations for material differences between the final budget amounts and actual amounts are included the Statement of Comparison of Budget and Actual Amounts.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24. No amendments or disclosure requirements in terms of GRAP 3 (Revised – March 2012) has been made.

1.9. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
GRAP 6 (Revised – Nov 2010)	Consolidated and Separate Financial Statements The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an economic entity as a single entity. No significant impact is expected as the Municipality does not have any entities at this stage to be consolidated.	Unknown

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

GRAP 7 (Revised – Mar 2012)	Investments in Associate <p>This Standard prescribes the accounting treatment for investments in associates where the investment in the associate leads to the holding of an ownership interest in the form of a shareholding or other form of interest in the net assets.</p> <p>No significant impact is expected as the Municipality does have any interest in associates.</p>	1 April 2013
GRAP 8 (Revised – Nov 2010)	Interest in Joint Ventures <p>The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities.</p> <p>No significant impact is expected as the Municipality is not involved in any joint ventures.</p>	Unknown
GRAP 18 (Original – Feb 2011)	Segment Reporting <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>No significant impact is expected as information to a large extent is already included in the financial statements.</p>	Unknown
GRAP 20 (Original – June 2011)	Related Party Disclosure <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	Unknown
GRAP 105 (Original – Nov 2010)	Transfer of Functions Between Entities Under Common Control <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

GRAP 106 (Original – Nov 2010)	<p>Transfer of Functions Between Entities Not Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 107 (Original – Nov 2010)	<p>Mergers</p> <p>The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
IGRAP 11	<p>Consolidation - Special Purpose Entities (SPE)</p> <p>The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Municipality does not have any SPE's at this stage.</p>	Unknown
IGRAP 12	<p>Jointly Controlled Entities non-monetary contributions</p> <p>The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p>	Unknown

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.10. LEASES

1.10.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2 Municipality as Lessor

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

1.13. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

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Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

1.14. EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

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1.14.1 Post Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – “Employee Benefits” (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.2 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.3 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.14.4 Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

1.14.5 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.14.6 Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.14.7 Other Short-term Employee Benefits

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.15. PROPERTY, PLANT AND EQUIPMENT

1.15.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.15.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.15.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years
<u>Land and Buildings</u>	
Buildings	10 – 100
Capitalised Restorations Costs	11 – 14
 <u>Infrastructure</u>	
Roads, Pavement, Bridges and Storm Water	2 – 51
Water Network	3 – 50
Electricity Network	2 – 50
Sewerage Network	3 – 50
 <u>Leased Assets</u>	
Office Equipment	11 – 14
 <u>Community Assets</u>	
Recreational Facilities	50 – 100
Parks and Gardens	50 – 70
Community Halls	100
Libraries	100
Cemeteries	100
Museums and Art Galleries	
 <u>Other Assets</u>	
Computer Equipment	4 – 18
Motor Vehicles	10 – 25
Office Equipment	3 – 30
Plant and Equipment	4 – 35
Specialised Vehicles	15 – 18

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

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1.15.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.15.5 Land and buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2010.

1.16. INTANGIBLE ASSETS

1.16.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

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Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.16.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.16.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	5 - 19

1.16.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17. INVESTMENT PROPERTY

1.17.1 Initial Recognition

Investment property is recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

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At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.17.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.17.3 Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	100

1.17.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.18. NON-CURRENT ASSETS HELD FOR SALE

1.18.1 Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.18.2 Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in the Statement of Financial Performance.

1.19. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.19.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

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(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.19.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

- (a) External sources of information
 - Cessation, or near cessation, of the demand or need for services provided by the asset.
 - Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.
- (b) Internal sources of information
 - Evidence is available of physical damage of an asset.
 - Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
 - A decision to halt the construction of the asset before it is complete or in a usable condition.
 - Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

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- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.20. INVENTORIES

1.20.1 Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.20.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.21. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.21.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.21.2 Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.21.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.21.2.2 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.21.2.3 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.21.3 **De-recognition of Financial Instruments**

1.21.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.21.3.2 *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.21.4 *Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.22. REVENUE

1.22.1 *Revenue from Non-Exchange Transactions*

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of iGRAP 1, as there is no intention of collecting this revenue.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised as revenue when the receivables meet the definition of an asset and satisfy the criteria for recognition as an asset.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.22.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. . The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.23. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person’s family is related to the Municipality if that person:
 - has control or joint control over the Municipality.
 - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

- (b) An entity is related to the Municipality if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
 - the entity is controlled or jointly controlled by a person identified in (a).
 - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.24. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.28. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.28.1 Post retirement medical obligations and Long service awards

The cost of post retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.28.2 Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.28.3 Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.28.4 Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Management referred to the following when making assumptions regarding useful lives of intangible assets:

- Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

1.28.5 Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.28.6 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.28.7 Revenue Recognition

Accounting Policy 1.22.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.22.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.28.8 Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.28.9 Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

1.28.10 Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

1.28.11 Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 7 days worth of unused electricity.

1.28.12 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.29. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.29. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.30. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
2		
NET ASSET RESERVES		
Capital Replacement Reserve	5 000 000	5 000 000
Total Net Asset Reserves	5 000 000	5 000 000

3		
LONG-TERM LIABILITIES		
Annuity Loans - At amortised cost	20 514 394	10 666 928
Capitalised Lease Liability - At amortised cost	172 585	400 735
Hire Purchase	-	169 020
	20 686 979	11 236 683
Current Portion transferred to Current Liabilities	3 250 767	2 549 701
	3 089 209	2 152 530
Annuity Loans - At amortised cost	161 558	228 150
Capitalised Lease Liability - At amortised cost	-	169 020
Hire Purchase	17 436 212	8 686 982
Total Long-term Liabilities - At amortised cost using the effective interest rate method		
As previously reported		11 199 545
Correction of error restatement - note 40.05		37 138
Restated balance		11 236 683

Refer below for maturity dates of long term liabilities:

The obligations under annuity loans are scheduled below:

Amounts payable under annuity loans:

Payable within one year	5 011 687	3 083 857
Payable within two to five years	14 899 280	9 194 571
Payable after five years	9 787 562	904 709
	29 698 529	13 183 137
Less: Future finance obligations	(9 184 135)	(2 516 209)
Present value of annuity obligations	20 514 394	10 666 928

Annuity loans at amortised cost consists out of three loans and is unsecured. Interest is charged at 9.53%, 9.63% and 10.36% respectively. Maturity dates of these loans are respectively 31 March 2016, 30 September 2018 and 31 March 2023.

The obligations under finance leases are scheduled below:

Amounts payable under finance leases:

Payable within one year	171 507	263 097
Payable within two to five years	11 671	171 507
Payable after five years	-	11 671
	183 178	446 275
Less: Future finance obligations	(10 593)	(45 540)
Present value of lease obligations	172 585	400 735

Finance Leases at amortised cost have maturity dates that vary from October 2013 to June 2015.

Leases are secured by Property, Plant and Equipment - refer to note 13.

Leased assets remain the property of the lessor after maturity and new lease contracts are negotiated to replace lapsed contracts.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
The obligations under hire purchases are scheduled below:		
Amounts payable under annuity loans:		
Payable within one year	-	176 152
Payable within two to five years	-	-
Payable after five years	-	-
	-	176 152
Less: Future finance obligations	-	(7 132)
Present value of hire purchase obligations	-	169 020

Hire purchases are calculated at a 11.50% interest rate, for a fixed term of 60 months with a maturity date of 30 April 2013.

Hire purchases are secured by Property, Plant and Equipment - refer to note 13.

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

4

EMPLOYEE BENEFITS

Post Retirement Benefits - note 4.1	16 803 141	16 652 950
Long Service Awards - note 4.2	2 264 227	1 966 491
Total Non-current Employee Benefit Liabilities	19 067 368	18 619 441

Post Retirement Benefits

Balance 1 July	17 189 002	13 045 639
Current service cost	893 006	685 786
Interest Cost	1 338 258	1 111 335
Benefits payments	(536 674)	(504 560)
Actuarial (Gain)/Loss	(1 550 639)	2 850 802
Total post retirement benefits 30 June	17 332 953	17 189 002
Less: Transfer of Current Portion - note 7	(529 812)	(536 052)
Balance 30 June	16 803 141	16 652 950

Long Service Awards

Balance 1 July	2 182 435	1 842 157
Current service cost	309 321	257 893
Interest Cost	136 720	135 082
Benefits payments	(167 789)	(190 501)
Actuarial Loss	3 098	137 804
Total Long Service 30 June	2 463 785	2 182 435
Less: Transfer of Current Portion - note 7	(199 558)	(215 944)
Balance 30 June	2 264 227	1 966 491

TOTAL NON-CURRENT EMPLOYEE BENEFITS

Balance 1 July	19 371 437	14 887 796
Current service costs	1 202 327	943 679
Interest cost	1 474 978	1 246 417
Benefits payments	(704 463)	(695 061)
Actuarial Loss	(1 547 541)	2 988 606
Total employee benefits 30 June	19 796 738	19 371 437
Less: Transfer of Current Portion - note 7	(729 370)	(751 996)
Balance 30 June	19 067 368	18 619 441

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 Employees	2012 Employees
4.1 Post Retirement Benefits		
The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	116	111
In-service (employee) non-members	198	165
Continuation members (e.g. Retirees, widows, orphans)	20	21
Total Members	334	297

	In-Service Members R	In-Service non-Members R	Continuation Members R	Present value of fund obligations R
The liability in respect of past service recognised in the Statement of Financial Position is as follows:				
30 June 2013	6 913 999	3 590 225	6 828 729	17 332 953
30 June 2012	5 430 224	2 975 000	8 783 778	17 189 002
30 June 2011	5 696 104	-	7 349 535	13 045 639
30 June 2010	4 172 000	-	6 291 000	10 463 000
30 June 2009	3 719 000	-	5 609 000	9 328 000

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
Experience adjustments were calculated as follows:		
30 June 2013	(1 497 000)	-
30 June 2012	2 052 000	-
30 June 2011	2 141 000	-
30 June 2010	-	-
30 June 2009	-	-

The Municipality performed their first actuarial valuation on 30 June 2010. Thus there are no experience adjustment figures available on or before 30 June 2010 to fully comply with GRAP 25

The Municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
LA Health
Samwumed; and
Hosmed
Keyhealth.

	2013 %	2012 %
Key actuarial assumptions used:		
i) Rate of interest		
Discount rate	8.90	7.91
Health Care Cost Inflation Rate	7.77	6.80
Net Effective Discount Rate	1.06	1.03

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age for post retirement, and the SA 85-90 table for in service employees, were used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 61, which then implicitly allows for expected rates of early and ill-health retirement.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	17 189 002	13 045 639
Total contributions	1 694 590	1 292 561
Current service cost	893 006	685 786
Interest Cost	1 338 258	1 111 335
Benefits Paid	(536 674)	(504 560)
Actuarial Loss	(1 550 639)	2 850 802
Present value of fund obligation at the end of the year	17 332 953	17 189 002
Less: Transfer of Current Portion - Note 7	(529 812)	(536 052)
Balance 30 June	16 803 141	16 652 950
The liability is unfunded.		

Sensitivity Analysis on the Accrued Liability

Assumption	Change	In-service members (R)	Continuation members (R)	Total (R)	% Change
Central Assumptions		6 913 999	6 828 729	13 742 728	
Health care inflation	+1%	12 556 000	7 511 000	20 067 000	16%
Health care inflation	-1%	8 825 000	6 235 000	15 060 000	-13%
Post-retirement mortality	-1 year	10 858 000	7 109 000	17 967 000	4%
Average retirement age	-1 year	11 450 000	6 829 000	18 279 000	5%
Withdrawal Rate	-50%	11 843 000	6 829 000	18 672 000	8%

Sensitivity Analysis on the Current-service and Interest Costs

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central Assumptions		893 006	1 338 258	2 231 264	
Health care inflation	+1%	1 113 500	1 566 100	2 679 600	20%
Health care inflation	-1%	721 800	1 153 300	1 875 100	-16%
Post-retirement mortality	-1 year	922 300	1 386 200	2 308 500	3%
Average retirement age	-1 year	1 001 600	1 398 200	2 399 800	8%
Withdrawal Rate	-50%	1 059 900	1 425 000	2 484 900	11%

4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

2013 Employees	2012 Employees
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<u>316</u>	<u>307</u>
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The liability in respect of past service recognised in the Statement of Financial Position is as follows:

	Present value of fund obligations R
30 June 2013	2 463 785
30 June 2012	2 182 435
30 June 2011	1 842 157
30 June 2010	1 779 258
30 June 2009	1 532 289

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
Experience adjustments were calculated as follows:		
30 June 2013	23 087	-
30 June 2012	34 296	-
30 June 2011	38 137	-
30 June 2010	-	-
30 June 2009	-	-

The Municipality performed their first actuarial valuation on 30 June 2010. Thus there are no experience adjustment figures available on or before 30 June 2010 to fully comply with GRAP 25

	2013 %	2012 %
Key actuarial assumptions used:		
i) Rate of interest		
Discount rate	7.51%	6.59%
General Salary Inflation (long-term)	6.84%	5.96%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.62%	0.59%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".

	2013 R	2012 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	2 182 435	1 842 157
Total contributions	278 252	202 474
Current service cost	309 321	257 893
Interest Cost	136 720	135 082
Benefits Paid	(167 789)	(190 501)
Actuarial Loss/(Gain)	3 098	137 804
Present value of fund obligation at the end of the year	2 463 785	2 182 435
Less: Transfer of Current Portion - Note 7	(199 558)	(215 944)
Balance 30 June	2 264 227	1 966 491

The liability is unfunded.

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Current Liability (R)	Change	Liability (R)	% Change
General salary inflation	2 463 785	+1%	2 658 000	8%
General salary inflation	2 463 785	-1%	2 290 000	-7%
Average retirement age	2 463 785	-2 years	2 045 000	-17%
Average retirement age	2 463 785	+2 years	2 839 000	15%
Withdrawal rates	2 463 785	-50%	3 086 000	25%

Sensitivity Analysis on the Current-service and Interest Costs

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central Assumptions		309 321	136 720	446 041	
Health care inflation	+1%	333 000	148 100	481 100	8%
Health care inflation	-1%	288 500	126 500	415 000	-7%
Post-retirement mortality	-2 years	285 200	113 600	398 800	-13%
Average retirement age	+2 years	343 300	157 800	501 100	12%
Withdrawal Rate	-50%	412 800	172 900	585 700	31%

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
4.3 Retirement funds		
<p>Both the Cape Joint Pension Fund and Cape Retirement Fund are multi-employer plans. This means that there are multiple local authorities that participate in these funds. In terms of GRAP 25, these multi-employer plans are defined as defined benefit plans. GRAP 25 also states that when sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan.</p> <p>The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.</p> <p>As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.</p> <p>Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.</p>		
<u>CAPE JOINT PENSION FUND</u>		
<p>The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in an sound financial position with a funding level of 99.4% (30 June 2011 - 98.1%).</p>		
Contributions paid recognised in the Statement of Financial Performance	<u>112 952</u>	<u>93 015</u>
<u>CAPE RETIREMENT FUND</u>		
<p>The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 99.9% (30 June 2011 - 100.3%).</p>		
Contributions paid recognised in the Statement of Financial Performance	<u>4 796 797</u>	<u>3 847 418</u>
<u>DEFINED CONTRIBUTION FUNDS</u>		
<p>Council contribute to the National Fund for Municipal Workers, Municipal Council Pension Fund, and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.</p>		
Contributions paid recognised in the Statement of Financial Performance		
National Fund for Municipal Workers	377 121	236 155
SAMWU National Provident Fund	931 916	887 512
	<u>1 309 037</u>	<u>1 123 666</u>

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
5	NON-CURRENT PROVISIONS		
	Provision for Rehabilitation of Landfill-sites	19 248 369	17 608 724
	Total Non-current Provisions	19 248 369	17 608 724
	<u>Landfill Sites</u>		
	Balance 1 July	17 608 724	16 770 214
	Finance Charges	796 976	838 511
	Addition to Liability	933 346	-
	Disposal of Liability	(90 677)	-
	Total provision 30 June	19 248 369	17 608 724
	<u>Less:</u> Transfer of Current Portion to Current Provisions - Note 8	<u>(6 388 940)</u>	<u>(2 171 679)</u>
	Balance 30 June	12 859 429	15 437 045

The calculation for the rehabilitation of the landfill site provision was compiled by an independent qualified engineer in order to determine the present value to rehabilitate the following landfill sites at the end of its useful life:

Location	Site Dimensions	Estimated decommission date	Cost of Rehabilitation 2013	Cost of Rehabilitation 2012
Clanwilliam	30 222m²	2016	5 197 235	4 483 059
Lambert's Bay	21 670m²	2014	4 197 025	3 708 437
Citrusdal	45 000m²	2015	6 109 098	5 856 647
Graafwater	3 000m²	Rehabilitation is due	2 191 915	2 171 679
Elands Bay	4 000m²	2016	1 553 096	1 388 903
			19 248 369	17 608 724

A retrospective calculation of time value of money, based on an average weighted investment rate of prime less 4%, was used.

		2013 R	2012 R
6	CONSUMER DEPOSITS		
	Water and Electricity Deposits	1 362 780	1 286 164
	Total Consumer Deposits	1 362 780	1 286 164

The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

7	CURRENT EMPLOYEE BENEFITS		
	Provision for Staff Leave	3 885 138	3 217 122
	Provision for Performance Bonuses	565 042	263 410
	Staff Bonuses Accrued	1 507 548	1 314 760
	Current Portion of Non-Current Employee Benefits	729 370	751 996
	Current Portion of Post Retirement Benefits - note 4	529 812	536 052
	Current Portion of Long Service Provisions - note 4	199 558	215 944
	Total Current Employee Benefits	6 687 098	5 547 288
	As previously reported		5 428 931
	Correction of error restatement - note 40.01		118 357
	Restated Balance		5 547 288

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
The movement in current employee benefits are reconciled as follows:		
<u>Provision for Staff Leave</u>		
Balance at beginning of year	3 217 123	2 246 617
Contribution to current portion	1 090 839	1 502 540
Expenditure incurred	(422 824)	(552 154)
Contributions from DMA	-	20 120
Balance at end of year	3 885 138	3 217 123

Staff leave accrued to employees according to a collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

Provision for Performance Bonuses

Balance at beginning of year	263 410	356 511
Contribution to current portion	527 277	(93 101)
Expenditure incurred	(225 645)	-
Balance at end of year	565 042	263 410

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

Staff Bonuses Accrued

Balance at beginning of year	1 314 760	1 205 900
Contribution to current portion	1 507 548	1 314 760
Expenditure incurred	(1 314 760)	(1 205 900)
Balance at end of year	1 507 548	1 314 760

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle.

Provision for Pension Fund Shortages

Balance at beginning of year	-	439 945
Contribution to current portion	-	-
Expenditure incurred	-	(439 945)
Balance at end of year	-	-

It was reported that the established investment return of the fund for the past financial year was -0.94%. Local authorities, including the Municipality, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets.

8

PROVISIONS

Current Portion of Rehabilitation of Landfill-sites - note 5	6 388 940	2 171 679
Total Provisions	6 388 940	2 171 679

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
9 PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	30 793 588	16 495 767
Pre-paid Electricity	275 872	208 585
Sundry Creditors	397 872	971 534
Payments received in advance	1 511 963	1 154 503
Retentions	4 627 885	1 742 043
Sundry Deposits	276 383	219 849
Unknown Receipts	795 122	619 949
Accrued Interest	381 795	69 740
Total Payables from Exchange Transactions	39 060 481	21 481 970
As previously reported		21 622 575
Correction of error restatement - note 40.02		85 934
Correction of error restatement - note 40.05		(226 539)
Restated balance		21 481 970

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

Sundry deposits include hall, builders and housing Deposits.

Deposits amounting to R275 453 serve as security for Payables. The remainder of Payables are unsecured.

10 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent Grants	1 121 730	1 648 197
National Government Grants	329 442	147 848
Provincial Government Grants	792 288	1 500 349
Less: Unpaid Grants	388 570	382 234
National Government Grants	388 570	31 199
Provincial Government Grants	-	351 035
Total Conditional Grants and Receipts	733 160	1 265 963
As previously reported		1 073 538
Correction of error restatement - note 40.03		(186 214)
Correction of error restatement - note 40.03		178 109
Correction of error restatement - note 40.03		200 530
Restated balance		1 265 963

Refer to Appendix "B" for reconciliation of grants from other spheres of government. The Municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012
11 UNSPENT PUBLIC CONTRIBUTIONS		
Lotto Funds - Sport facilities (Citrusdal)	-	-
Lotto Funds - Sport facilities (Elands Bay)	2 409	2 409
Total Unspent Public Contributions	2 409	2 409
Reconciliation of public contributions:		
<u>Lotto Funds - Sport facilities (Citrusdal)</u>		
Opening balance	-	16 359
Contributions received	-	-
Conditions met - Transferred to revenue	-	-
Funds transferred from Elands Bay Project	-	(16 359)
Closing balance	-	-
<u>Lotto Funds - Sport facilities (Elands Bay)</u>		
Opening balance	(2 409)	(173 323)
Contributions received	-	-
Conditions met - Transferred to revenue	-	154 555
Funds transferred to Citrusdal Project	-	16 359
Closing balance	(2 409)	(2 409)
<u>Total Public Contributions</u>		
Opening balance	(2 409)	(156 964)
Contributions received	-	-
Conditions met - Transferred to revenue	-	154 555
	(2 409)	(2 409)
Disclosed as follows:		
Unspent Public Contributions	2 409	2 409
Unpaid Public Contributions	-	-
	2 409	2 409
12 TAXES		
VAT Receivable	2 564 758	425 392
VAT Input in Suspense	2 294 241	2 253 900
VAT Output in Suspense - net	(2 573 334)	(2 218 615)
VAT Output in Suspense	(3 472 622)	(3 095 186)
Less: VAT on Provision for Debt Impairment	899 288	876 571
Net VAT Receivable	2 285 665	460 677
As previously reported		(911 489)
Correction of error restatement - note 40.02		26 726
Correction of error restatement - note 40.04		1 373 260
Correction of error restatement - note 40.05		(27 820)
Restated balance		460 677
VAT is receivable/payable on the cash basis.		
Reconciliation of VAT on Provision for Debt Impairment		
Balance at beginning of year	876 571	737 566
Debt Impairment for current year - note 33	22 716	139 006
Balance at end of year	899 288	876 571

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2013

Reconciliation of Carrying Value

	Cost					Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Disposals	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment Charge	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	42 404 226	1 614 029	(606 865)	-	43 411 389	7 593 191	936 737	38 293	-	8 568 221	34 843 168
Land	23 592 701	600 000	(600 000)	-	23 592 701	-	-	-	-	-	23 592 701
Buildings	8 915 651	80 683	-	-	8 996 334	422 649	113 291	-	-	535 940	8 460 394
Capitalised Restoration Costs	9 895 874	933 346	(6 865)	-	10 822 354	7 170 542	823 446	38 293	-	8 032 281	2 790 073
Infrastructure	455 495 120	50 798 381	-	-	506 293 501	191 062 646	10 266 375	-	-	201 329 020	304 964 481
Roads, Pavements, Bridges & Storm Water	108 196 231	-	-	4 187 891	112 384 122	50 857 150	3 320 728	-	-	54 177 878	58 206 244
Water Network	118 500 974	-	-	2 473 916	120 974 890	50 796 258	2 925 231	-	-	53 721 489	67 253 401
Electricity Network	125 833 199	-	-	4 510 002	130 343 201	62 704 931	2 812 319	-	-	65 517 251	64 825 950
Sewerage Network	55 121 734	-	-	2 851 358	57 973 093	26 704 306	1 208 097	-	-	27 912 403	30 060 690
Work in Progress	47 842 982	50 798 381	-	(14 023 167)	84 618 196	-	-	-	-	-	84 618 196
Lease Assets	593 046	-	-	-	593 046	156 027	71 741	-	-	227 768	365 278
Office Equipment	593 046	-	-	-	593 046	156 027	71 741	-	-	227 768	365 278
Community Assets	38 946 560	2 616 222	-	-	41 562 782	1 549 444	293 514	-	-	1 842 958	39 719 824
Recreational Facilities	32 882 088	1 023 265	-	-	33 905 353	1 420 631	259 221	-	-	1 679 851	32 225 502
Parks & Gardens	454 000	106 038	-	-	560 038	-	-	-	-	-	560 038
Community Halls	1 325 581	-	-	-	1 325 581	9 235	3 246	-	-	12 481	1 313 100
Libraries	3 372 500	-	-	-	3 372 500	97 384	24 376	-	-	121 761	3 250 739
Cemeteries	256 891	8 351	-	-	265 242	-	1 115	-	-	1 115	264 127
Museums and Art Galleries	655 500	-	-	-	655 500	22 194	5 555	-	-	27 749	627 751
Work in Progress	-	1 478 568	-	-	1 478 568	-	-	-	-	-	1 478 568
Other Assets	29 860 620	1 927 256	(138 767)	-	31 649 109	7 188 567	2 159 979	-	(20 336)	9 328 210	22 320 899
Computer Equipment	1 800 757	274 207	-	-	2 074 963	539 620	264 082	-	-	803 702	1 271 261
Motor Vehicles	16 874 755	761 101	(135 750)	-	17 500 106	4 050 458	971 691	-	(19 270)	5 002 880	12 497 227
Office Equipment	4 054 172	719 236	-	-	4 773 408	1 254 671	365 055	-	-	1 619 725	3 153 683
Plant & Equipment	5 708 201	172 711	(3 017)	-	5 877 895	984 044	502 763	-	(1 067)	1 485 740	4 392 155
Specialised Vehicles	1 422 735	-	-	-	1 422 735	359 775	56 388	-	-	416 163	1 006 572
	567 299 572	56 955 888	(745 632)	-	623 509 827	207 549 875	13 728 346	38 293	(20 336)	221 296 177	402 213 650

The leased property, plant and equipment and the buildings are secured as set out in note 3.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

30 JUNE 2012

Reconciliation of Carrying Value

	Cost					Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Disposals	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment Charge	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	44 294 318	146 508	(2 036 600)	-	42 404 226	6 731 062	854 235	7 895	-	7 593 191	34 811 034
Land	23 592 701	-	-	-	23 592 701	-	-	-	-	-	23 592 701
Buildings	10 805 743	146 508	(2 036 600)	-	8 915 651	312 322	110 327	-	-	422 649	8 493 001
Capitalised Restoration Costs	9 895 874	-	-	-	9 895 874	6 418 740	743 908	7 895	-	7 170 542	2 725 332
Infrastructure	427 603 696	27 891 424	-	-	455 495 120	181 636 514	9 426 132	-	-	191 062 646	264 432 475
Roads, Pavements, Bridges & Storm Water	101 500 638	-	-	6 695 593	108 196 231	47 750 883	3 106 268	-	-	50 857 150	57 339 081
Water Network	98 017 334	-	-	20 483 640	118 500 974	48 138 292	2 657 966	-	-	50 796 258	67 704 716
Electricity Network	116 096 409	-	-	9 736 790	125 833 199	60 187 289	2 517 643	-	-	62 704 931	63 128 267
Sewerage Network	45 171 886	-	-	9 949 848	55 121 734	25 560 051	1 144 255	-	-	26 704 306	28 417 428
Work in progress	66 817 429	27 891 424	-	(46 865 871)	47 842 982	-	-	-	-	-	47 842 982
Lease Assets	560 871	32 175	-	-	593 046	107 230	48 797	-	-	156 027	437 019
Office Equipment	560 871	32 175	-	-	593 046	107 230	48 797	-	-	156 027	437 019
Community Assets	35 202 781	3 743 779	-	-	38 946 560	1 295 436	254 009	-	-	1 549 444	37 397 116
Recreational Facilities	29 342 081	3 540 006	-	-	32 882 088	1 199 799	220 832	-	-	1 420 631	31 461 457
Parks & Gardens	454 000	-	-	-	454 000	-	-	-	-	-	454 000
Community Halls	1 201 000	124 581	-	-	1 325 581	5 990	3 245	-	-	9 235	1 316 346
Libraries	3 372 500	-	-	-	3 372 500	73 008	24 376	-	-	97 384	3 275 116
Cemeteries	177 700	79 191	-	-	256 891	-	-	-	-	-	256 891
Museums and Art Galleries	655 500	-	-	-	655 500	16 638	5 555	-	-	22 194	633 306
Other Assets	24 723 645	5 136 975	-	-	29 860 620	5 548 315	1 640 252	-	-	7 188 567	22 672 053
Computer Equipment	1 502 655	298 102	-	-	1 800 757	416 468	123 152	-	-	539 620	1 261 137
Motor Vehicles	15 770 813	1 103 942	-	-	16 874 755	3 142 579	907 878	-	-	4 050 458	12 824 297
Office Equipment	3 596 839	457 333	-	-	4 054 172	984 701	269 970	-	-	1 254 671	2 799 501
Plant & Equipment	2 430 603	3 277 598	-	-	5 708 201	726 251	257 793	-	-	984 044	4 724 157
Specialised Vehicles	1 422 735	-	-	-	1 422 735	278 315	81 459	-	-	359 775	1 062 961
	532 385 311	36 950 861	(2 036 600)	-	567 299 572	195 318 556	12 223 424	7 895	-	207 549 875	359 749 697
As previously reported	719 415 479	39 513 459	(3 769 735)	-	755 159 203	236 875 928	18 154 621	7 895	(1 658 367)	253 380 076	501 779 127
Correction of error restatement - note 40.02	(187 030 168)	(2 562 599)	1 733 135	-	(187 859 631)	(41 557 372)	(5 931 196)	-	1 658 367	(45 830 202)	(142 029 430)
Restated balance	532 385 311	36 950 861	(2 036 600)	-	567 299 572	195 318 556	12 223 424	7 895	-	207 549 875	359 749 697

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

14

INVESTMENT PROPERTY

Net Carrying amount at 1 July

Cost	
As previously reported	
Correction of error restatement - note 40.06	
Accumulated Depreciation	
As previously reported	
Correction of error restatement - note 40.06	
Depreciation for the year	
As previously reported	
Correction of error restatement - note 40.06	

Net Carrying amount at 30 June

Cost	
Accumulated Depreciation	

**2013
R**

**2012
R**

66 510 280	66 560 530
66 711 030	66 711 030
	42 254 350
	24 456 680
(200 750)	(150 500)
	(302 779)
	152 278
(50 249)	(50 249)
	(10 541)
	(39 708)
66 460 031	66 510 280
66 711 030	66 711 030
(250 999)	(200 750)

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

No operating expenditure was incurred on investment property during the 2012/2013 and 2011/2012 financial year.

15

INTANGIBLE ASSETS

Net Carrying amount at 1 July

Cost	
As previously reported	
Correction of error restatement - note 40.07	
Accumulated Amortisation	
As previously reported	
Correction of error restatement - note 40.07	
Additions	
Amortisation	
As previously reported	
Correction of error restatement - note 40.07	
Disposals	
Cost	
Accumulated Amortisation	
Correction of error restatement - note 40.07	

Net Carrying amount at 30 June

Cost	
Accumulated Amortisation	

685 428

189 401

750 075	226 038
	442 492
	(216 454)
(64 646)	(36 636)
	(117 070)
	80 434
6 276	524 037
(130 401)	(28 010)
	(40 141)
	12 131
-	-
-	(152 958)
-	71 461
-	81 497
561 303	685 428
756 350	750 075
(195 047)	(64 646)

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
16	INVENTORY		
	Maintenance Materials - at cost	1 195 794	1 401 586
	Water – at cost	73 048	123 947
	Land held for sale	1 613 060	1 613 060
	Total Inventory	2 881 902	3 138 593
	As previously reported		3 091 742
	Correction of error restatement - note 40.08		1 331
	Correction of error restatement - note 40.08		45 520
	Restated Balance		3 138 593
	Consumable stores materials surpluses identified during the annual stores counts	20 611	1 331
	Inventory recognised as an expense during the year	2 267 914	1 165 642

17	RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	Electricity	13 846 073	12 055 735
	Water	9 944 367	8 623 075
	Refuse	3 673 463	3 586 113
	Sewerage	6 353 554	6 155 616
	Loan Instalments	45 632	45 693
	Other	591 739	628 340
	Total Receivables from Exchange Transactions	34 454 829	31 094 571
	Less: Allowance for Doubtful Debts	(9 688 978)	(9 514 653)
	Total Net Receivables from Exchange Transactions	24 765 851	21 579 918
	As previously reported		23 181 674
	Correction of error restatement - note 40.09		(1 601 756)
			21 579 918

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +1% is levied on late payments.

Reconciliation of Provision for Bad Debts

Balance at beginning of year	9 514 653	8 005 832
Contribution to provision	1 711 355	2 154 654
Bad Debts Written Off	(1 537 030)	(645 833)
Balance at end of year	9 688 978	9 514 653

Concentrations of credit risk with respect to trade receivables are limited due to the Municipality's large number of customers. The Municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's trade receivables.

	Gross Balance R	Allowance for Doubtful Debts R	Net balance R
2013			
Electricity	13 846 073	(2 572 910)	11 273 163
Water	9 944 367	(3 278 287)	6 666 081
Refuse	3 673 463	(1 035 059)	2 638 404
Sewerage	6 353 554	(2 362 497)	3 991 056
Loan Instalments	45 632	(43 592)	2 040
Other	591 739	(396 632)	195 107
Total	34 454 829	(9 688 978)	24 765 851
2012			
Electricity	12 055 735	(2 784 002)	9 271 733
Water	8 623 075	(2 953 047)	5 670 028
Refuse	3 586 113	(1 016 052)	2 570 061
Sewerage	6 155 616	(2 349 979)	3 805 637
Loan Instalments	45 693	-	45 693
Other	628 340	(411 573)	216 767
Total	31 094 571	(9 514 653)	21 579 918

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
Ageing of Receivables from Exchange Transactions:		
<u>Electricity: Ageing</u>		
Current (0 - 30 days)	4 752 346	5 016 378
31 - 60 Days	1 357 385	919 342
61 - 90 Days	790 630	702 974
+ 90 Days	6 945 712	5 417 042
Total	13 846 073	12 055 735
<u>Water: Ageing</u>		
Current (0 - 30 days)	1 418 483	1 665 189
31 - 60 Days	634 256	519 550
61 - 90 Days	554 098	463 655
+ 90 Days	7 337 531	5 974 681
Total	9 944 367	8 623 075
<u>Refuse: Ageing</u>		
Current (0 - 30 days)	307 370	427 897
31 - 60 Days	179 423	248 363
61 - 90 Days	138 847	191 790
+ 90 Days	3 047 824	2 718 063
Total	3 673 463	3 586 113
<u>Sewerage: Ageing</u>		
Current (0 - 30 days)	461 627	580 429
31 - 60 Days	323 172	348 300
61 - 90 Days	225 320	282 604
+ 90 Days	5 343 434	4 944 283
Total	6 353 554	6 155 616
<u>Other: Ageing</u>		
Current (0 - 30 days)	35 287	57 356
31 - 60 Days	56 966	27 604
61 - 90 Days	19 972	44 811
+ 90 Days	479 513	498 569
Total	591 739	628 340
<u>Loan Instalments: Ageing</u>		
Current (0 - 30 days)	348	1
31 - 60 Days	398	1
61 - 90 Days	343	1
+ 90 Days	44 544	45 688
	45 632	45 693
<u>Total: Ageing</u>		
Current (0 - 30 days)	6 975 461	7 747 251
31 - 60 Days	2 551 601	2 063 160
61 - 90 Days	1 729 210	1 685 834
+ 90 Days	23 198 556	19 598 327
Total	34 454 829	31 094 571

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

18

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2013 R	2012 R
Rates	20 966 044	16 294 536
Other Receivables	2 208 708	2 247 164
Suspense Debtors	1 933 255	1 971 711
Deposits	275 453	275 453
Total Receivables from Non-Exchange Transactions	23 174 752	18 541 699
Less: Allowance for Doubtful Debts	(12 343 849)	(10 701 811)
Total Net Receivables from Non-Exchange Transactions	10 830 903	7 839 889

Rates are payable monthly within 30 days after the date of accounts. An option to pay rates annually is also available and the account must be settled on or before 30 September. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +1% is levied on late payments.

Reconciliation of Provision for Bad Debts

Balance at beginning of year	10 701 811	4 503 280
Contribution to provision	1 642 038	6 211 998
Bad Debts Written Off	-	(13 467)
Balance at end of year	12 343 849	10 701 811

Concentrations of credit risk with respect to trade receivables are limited due to the Municipality's large number of customers. The Municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's trade receivables.

	Gross Balance R	Allowance for Doubtful Debts R	Net balance R
2013			
Rates	20 966 044	(12 343 849)	8 622 195
Other Receivables	2 208 708	-	2 208 708
Total	23 174 752	(12 343 849)	10 830 903
2012			
Rates	16 294 536	(10 701 811)	5 592 725
Other Receivables	2 247 164	-	2 247 164
Total	18 541 699	(10 701 811)	7 839 889

Ageing of Receivables from Non-Exchange Transactions

(Rates): Ageing

Current (0 - 30 days)	3 289 902	1 828 825
31 - 60 Days	1 129 199	968 502
61 - 90 Days	855 236	737 479
+ 90 Days	15 691 707	12 759 730
Total	20 966 044	16 294 536

(Other Receivables): Ageing

Current (0 - 30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	2 208 708	2 247 164
Total	2 208 708	2 247 164

(Total): Ageing

Current (0 - 30 days)	3 289 902	1 828 825
31 - 60 Days	1 129 199	968 502
61 - 90 Days	855 236	737 479
+ 90 Days	17 900 415	15 006 894
Total	23 174 752	18 541 699

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
19	OPERATING LEASE ARRANGEMENTS		
19.1	The Municipality as Lessee (Liability)		
	Balance on 1 July	8 206	14 340
	Movement during the year	6 205	(6 134)
	Balance on 30 June	14 410	8 206
	At the Statement of Financial Position date, where the Municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:		
	Up to 1 Year	218 020	25 410
	1 to 5 Years	279 062	-
	More than 5 Years	-	-
	Total Operating Lease Arrangements	497 082	25 410
	Operating leases consist of two rental agreements of the rental amount of between R5 000 and R12 000 per month.		
	Both leases are for a period of 36 months and the contracts lapse on 30 June 2015 and 31 January 2016 respectively. The lease payments escalate at a rate of 10% per annum. Renewal of the leases at the end of the term are available.		
	The Municipality does not engage in any sub-lease arrangements.		
	The Municipality did not pay any contingent rent during the year.		
19.2	The Municipality as Lessor (Asset)		
	Balance on 1 July	68 372	65 699
	Movement during the year	(7 282)	2 674
	Balance on 30 June	61 090	68 372
	At the Statement of Financial Position date, where the Municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
	Up to 1 Year	116 255	111 656
	1 to 5 Years	174 537	285 424
	More than 5 Years	-	-
	Total Operating Lease Arrangements	290 792	397 080
	This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.		
	The leases are in respect of land and buildings being leased out to 6 different lessors for periods ranging from 2006 until 2016. Escalation between 8 and 10% are applicable on the leases. The renewal option after lapsing of the contracts are available.		
	The Municipality does not engage in any sub-lease arrangements.		
	The Municipality did not receive any contingent rent during the year		

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

20

CASH AND CASH EQUIVALENTS**Assets**

	2013 R	2012 R
Call Investments Deposits	5 000 000	-
Bank Accounts	1 669 538	5 873 744
Cash Floats	6 230	6 230
Total Cash and Cash Equivalents - Assets	6 675 768	5 879 974
As previously reported		5 550 035
Correction of error restatement - note 40.1		329 939
Restated balance		5 879 974

Cash and cash equivalents comprise of cash held and short term deposits. The carrying amount of these assets approximates their fair value.

No bank overdraft and/or borrowing facility arrangement exists.

Detail of the Bank Accounts (Cash book balances) are as follow:

Cash book balance at beginning of year	5 873 744	16 024 293
Cash book balance at end of year	1 669 538	5 873 744

The cash book (primary bank account) consists out of the following accounts:

ABSA - Account number 40-5357-8397 (Current Account)

Bank statement balance at beginning of year	4 978 596	15 971 918
Bank statement balance at end of year	695 113	4 978 596

ABSA - Account number 40-7639-1003 (Traffic Account)

Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-

ABSA - Account number 40-7639-1273 (Service Account)

Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-

ABSA - Account number 40-7873-7035 (Elands Bay Fish Factory Account)

Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	97 391	100 394

Summary of all bank accounts

Bank statement balance at beginning of year	4 978 596	15 971 918
Bank statement balance at end of year	792 504	5 078 990

Call Investment Deposits

Call investment deposits consist out of the following accounts:

ABSA - Acc no 9282399664	5 000 000	-
	5 000 000	-

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
21	PROPERTY RATES		
	<u>Actual</u>		
	Rateable Land and Buildings	40 082 069	37 545 712
	Less: Rebates	(12 951 958)	(13 514 691)
	Total Assessment Rates	27 130 111	24 031 021
	 <u>Valuations - 1 JULY 2012</u>		
	Rateable Land and Buildings		
	General	4 245 504 126	4 172 182 124
	Total Assessment Rates	4 245 504 126	4 172 182 124
	 Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2012. Intrim valuations are processed on an annual basis to include changes in property values and subdivisions.		
	Rates:		
	General Valuation	0.932c/R	0.863c/R
	 Rates are levied monthly and annually. Monthly rates are payable by the end of the month in which the amount was levied and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.		
	 Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
22	OTHER TAXES		
	Infrastructure Levy	1 633 669	2 715 234
	Town Cleanup Levy	-	1 333 618
	Total Other Taxes	1 633 669	4 048 851
	 As previously reported		2 628 965
	Correction of error restatement - note 40.11		1 419 886
	Restated balance		4 048 851
	 The infrastructure levy is a fixed levy on residential and commercial property. This levy is used for maintaining and extending infrastructure.		
	 The town cleanup levy is also a fixed levy on residential and commercial property. This levy is used clean towns.		

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

23

GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants

Equitable Share
Provincial Health Subsidy

**2013
R**

**2012
R**

26 014 957

23 024 715

26 013 000
1 957

23 008 783
15 932

Conditional Grants

Financial Management Grant (FMG)
Municipal Systems Improvement Grant (MSIG)
Municipal Infrastructure Grant (MIG)
Human Settlement Development Grant
Integrated National Electrification Programme
Regional Bulk Infrastructure Grant (RBIG)
Other Grants

54 213 213

42 496 588

1 250 000
809 037
15 534 440
3 560 381
5 141 403
20 529 442
7 388 510

1 250 000
780 963
12 971 170
7 647 831
-
9 533 669
10 312 955

Total Government Grants and Subsidies

80 228 170

65 521 303

Government Grants and Subsidies - Operating
Government Grants and Subsidies - Capital

34 068 653
46 159 517

36 865 148
28 656 155

Total Government Grants and Subsidies

80 228 170

65 521 303

As previously reported

Correction of error restatement - note 40.03
Correction of error restatement - note 40.03
Correction of error restatement - note 40.03
Correction of error restatement - note 40.03
Correction of error restatement - note 40.03
Correction of error restatement - note 40.03
Correction of error restatement - note 40.04
Correction of error restatement - note 40.11

65 097 230
(21 975)
141 214
(30 849)
(45 941)
(58 500)
(6 089)
54 798
391 415

Restated balance

65 521 303

Revenue recognised per vote as required by Section 123 (c) of the MFMA:

Equitable share
Office of the Municipal Manager
Financial Services
Community Development Services
Corporate and Strategic Services
Engineering and Planning Services

26 013 000
-
1 316 895
11 131 678
279 312
41 487 285

23 008 783
295 640
2 186 213
11 658 466
366 967
28 005 233

80 228 170

65 521 303

The Municipality does not expect any significant changes to the level of grants.

23.1 Equitable share

Opening balance
Grants received
Conditions met - Operating
Conditions met - Capital
Paid back to Treasury
Conditions still to be met

-
26 013 000
(26 013 000)
-
-
-

-
23 008 783
(23 008 783)
-
-
-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the Municipality by the National Treasury.

23.2 Provincial Health Subsidy

Opening balance
Grants received
Conditions met - Operating
Conditions met - Capital
Paid back to Treasury
Conditions still to be met

-
1 957
(1 957)
-
-
-

-
15 932
(15 932)
-
-
-

Health subsidies was used fund primary health care services in the municipal area.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
23.3 Financial Management Grant (FMG)		
Opening balance	-	-
Grants received	1 250 000	1 250 000
Conditions met - Operating	(1 250 000)	(1 250 000)
Conditions met - Capital	-	-
Paid back to Treasury	-	-
Conditions still to be met	<u>-</u>	<u>-</u>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

23.4 Municipal Systems Improvement Grant (MSIG)		
Opening balance	42 848	33 811
Grants received	800 000	790 000
Conditions met - Operating	(809 037)	(780 963)
Conditions met - Capital	-	-
Paid back to Treasury	(33 811)	-
Conditions still to be met	<u>33 811</u>	<u>42 848</u>

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

23.5 Municipal Infrastructure Grant (MIG)		
Opening balance	(9 560)	763 608
Grants received	15 544 000	12 814 002
Conditions met - Operating	-	(588 794)
Conditions met - Capital	(15 534 440)	(12 382 376)
Paid back to Treasury	-	(616 000)
Conditions still to be met	<u>-</u>	<u>(9 560)</u>

The grant was used to upgrade infrastructure in previously disadvantaged areas.

23.6 Human Settlement Development Grant		
Opening balance	606 786	3 310 327
Grants received	2 953 595	4 944 290
Conditions met - Operating	-	(2 913 502)
Conditions met - Capital	(3 560 381)	(4 734 329)
Conditions still to be met	<u>-</u>	<u>606 786</u>

Housing grants was utilised for the development of erven and the erection of top structures.

23.7 Integrated National Electrification Programme		
Opening balance	-	(2 233 217)
Grants received	5 300 000	2 800 000
Conditions met - Operating	-	-
Conditions met - Capital	(5 141 403)	-
Paid back to Treasury	-	(566 783)
Grant Expenditure to be recovered	<u>158 597</u>	<u>-</u>

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

23.8 Regional Bulk Infrastructure Grant (RBIG)		
Opening balance	366 931	(1 204 127)
Grants received	20 162 511	11 104 727
Conditions met - Operating	-	-
Conditions met - Capital	(20 529 442)	(9 533 669)
Paid back to Treasury	-	-
Grant Expenditure to be recovered	<u>-</u>	<u>366 931</u>

The Regional Bulk Infrastructure Grant is used for the upgrade water infrastructure.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
23.9 Other Grants			
Opening balance		258 959	2 510 331
Grants received		7 704 113	8 061 583
Conditions met - Operating		(5 994 659)	(8 307 174)
Conditions met - Capital		(1 393 851)	(2 005 781)
Paid back to Treasury		-	-
Conditions still to be met		574 562	258 959
Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)			
24 Total Grants			
Opening balance		1 265 963	3 180 732
Grants received		79 729 177	64 789 317
Conditions met - Operating		(34 068 653)	(36 865 148)
Conditions met - Capital		(46 159 517)	(28 656 155)
Paid back to Treasury		(33 810)	(1 182 783)
Conditions still to be met		733 160	1 265 963
<u>Disclosed as follows:</u>			
Unspent Conditional Government Grants and Receipts		1 121 730	1 648 197
Unpaid Conditional Government Grants and Receipts		(388 570)	(382 234)
		733 160	1 265 963
24 FINES			
Speeding fines (Camera)		1 480 418	3 030 585
Other traffic fines		251 268	292 100
Library fines		12 774	8 816
Meter tampering fines		1 844	5 492
Total Fines		1 746 305	3 336 993
25 TRANSFER OF ASSETS			
Property, Plant and Equipment received from DMA		-	3 752 533
Property, Plant and Equipment received from the Department of Housing		6 364 070	-
Total Transfer of Assets		6 364 070	3 752 533
The Algeria area was previously a district managed area (DMA) and was managed by the Weskus District Municipality. The responsibility for delivering municipal services was transferred to Cederberg Municipality as per Provincial Gazette 6826, dated 9 December 2010. All assets and liabilities associated with the service delivery was also transferred from Weskus District Municipality to Cederberg Municipality.			
26 ACTUARIAL (GAINS)/LOSSES			
Post Retirement Benefits - note 4.1		(1 550 639)	2 850 802
Long Service Bonuses - note 4.2		3 098	137 804
Total Actuarial (Gains)/Losses		(1 547 541)	2 988 606

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
27	SERVICE CHARGES		
	Electricity	53 765 884	49 994 782
	Water	10 510 838	10 598 109
	Refuse removal	4 462 170	4 479 864
	Sewerage and Sanitation Charges	7 112 248	6 656 645
		<u>75 851 140</u>	<u>71 729 400</u>
	Less: Rebates	(4 916 809)	(4 555 394)
	Total Service Charges	<u>70 934 330</u>	<u>67 174 006</u>
	As previously reported		69 722 441
	Correction of error restatement - note 40.02		213 126
	Correction of error restatement - note 40.09		(1 601 756)
	Correction of error restatement - note 40.1		260 081
	Correction of error restatement - note 40.1		(1 419 886)
	Restated balance		<u>67 174 006</u>
	Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
28	RENTAL OF FACILITIES AND EQUIPMENT		
	Resort and camping fees	2 576 296	2 462 335
	Other rentals	249 312	282 489
	Total Rental of Facilities and Equipment	<u>2 825 607</u>	<u>2 744 824</u>
	As previously reported		2 722 091
	Correction of error restatement - note 40.02		22 733
	Restated balance		<u>2 744 824</u>
	Other rentals include the rental of halls, sports facilities, hawkers stands, buildings, slipways and other diverse items.		
29	LICENCES AND PERMITS		
	Drivers Licence Applications	130 327	114 990
	Drivers Licences Issued	254 757	207 614
	Duplicate Registration Certificates	37 158	42 012
	Keeping of Registration Number	11 750	9 233
	Learner Licence Applications	80 782	87 078
	Learner Licences Issued	20 011	22 309
	Professional Drivers Permit Applications	54 497	50 966
	Professional Drivers Permits Issued	20 784	15 561
	Roadworthy Certificate Applications	162 823	167 998
	Roadworthy Certificates Issued	33 343	34 045
	Temporary and special permits	12 379	12 273
	Total Licences and Permits	<u>818 610</u>	<u>764 079</u>
	As previously reported		-
	Correction of error restatement - note 40.11		764 079
	Restated balance		<u>764 079</u>

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013	2012
		R	R
30	OTHER INCOME		
	Building Plan Fees	253 682	156 424
	Sundry Income	228 153	257 983
	Cemetery Fees	101 920	85 241
	Rates clearance certificates	13 856	17 673
	Connection Fees	234 026	227 548
	Re-connection Fees	10 390	26 632
	Copies and Faxes	26 009	22 967
	Sale of Land	16 467	101 103
	SETA Recoveries	301 036	245 850
	Settlement Discounts	108 026	117 757
	Valuation Certificates	12 553	10 972
	Tender Documents	15 167	10 584
	Unknown receipts recognised as income	290 612	241 762
	Total Other Income	1 611 897	1 522 496
	As previously reported		1 259 896
	Correction of error restatement - note 40.02		241 762
	Correction of error restatement - note 40.04		26 927
	Correction of error restatement - note 40.05		(6 089)
	Restated balance		1 522 496

Sundry income represents sundry income such as sale of sundry items (wood, sand and stones) and fees for items not included under service charges

31	EMPLOYEE RELATED COSTS		
	Bargaining Council Levy	20 968	14 970
	Bonuses	2 543 645	2 348 326
	Contribution to current employee benefits - Staff Leave - note 5	1 090 839	1 502 540
	Contribution to current employee benefits - Performance Bonuses - note 4	527 277	(93 101)
	Contribution to non-current employee benefits - Long Service Awards - note 4	309 321	257 893
	Contribution to non-current employee benefits - Post Retirement Medical - note 4	893 006	685 786
	Contributions for UIF, pensions and medical aids	7 864 568	6 906 995
	Group Life Insurance	712 454	638 626
	Housing Subsidy	229 744	198 893
	Overtime	1 918 356	2 029 834
	Salaries and Wages	37 355 489	37 479 076
	SDL Contributions	443 326	413 010
	Travel, motor car, telephone, assistance and other allowances	4 022 196	4 822 145
	Workmen's Compensation	383 073	382 307
	Total Employee Related Costs	58 314 264	57 587 300
	As previously reported		54 654 329
	Correction of error restatement - note 40.01		118 357
	Correction of error restatement - note 40.02		56 222
	Correction of error restatement - note 40.11		2 408 258
	Correction of error restatement - note 40.11		350 134
	Restated balance		57 587 300

MANAGEMENT PERSONNEL

The Municipal Manager and Directors are appointed on a 5-year fixed contract.

REMUNERATION OF MANAGEMENT PERSONNEL

Municipal Manager - G.F. Matthyse (resigned November 2011)

Annual Remuneration	-	249 643
Car Allowance	-	68 234
Other allowance	-	9 378
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	4 859
Leave days paid out	-	98 571
Severance Package	-	736 326
Total	-	1 167 011

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<i>Municipal Manager - I.B.R Kenned (appointed January 2012)</i>		
Annual Remuneration	1 048 060	488 250
Performance Bonus	83 895	-
Car Allowance	137 000	111 000
Relocation allowance	-	65 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	140 989	6 802
Total	1 409 944	671 052
<i>Director: Engineering Services - A.S.T Nxhumalo (resigned February 2012)</i>		
Annual Remuneration	-	387 842
Car Allowance	-	6 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	92 937
Leave days paid out	-	102 802
Severance Package	-	247 635
Total	-	837 216
<i>Director: Engineering Services - P Majeni (appointed May 2012)</i>		
Annual Remuneration	590 236	87 178
Performance Bonus	18 900	-
Housing Allowance	72 000	12 000
Acting Allowance	-	12 526
Car Allowance	120 780	20 130
Relocation Allowance	-	30 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	113 013	17 267
Leave paid out	-	11 807
Total	914 929	190 909
<i>Director: Corporate Services - W.G.D October (appointed December 2011)</i>		
Annual Remuneration	613 578	305 263
Performance Bonus	66 150	-
Acting Allowance	-	6 898
Car Allowance	130 000	105 000
Relocation Allowance	-	67 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	151 048	67 022
Total	960 776	551 184
<i>Director: Community Services - J France (appointed February 2012)</i>		
Annual Remuneration	659 456	263 219
Performance Bonus	37 800	-
Car Allowance	130 000	75 000
Relocation Allowance	-	67 500
Contributions to UIF, Medical, Pension Funds and Bargaining Council	106 947	3 893
Total	934 204	409 612
<i>Director: Finance - F.M. Lotter (resigned December 2011)</i>		
Annual Remuneration	-	284 546
Car Allowance	-	93 600
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	21 637
Lumpsum payout	-	581 054
Total	-	980 837
<i>Director: Finance - E Alfred (appointed May 2012)</i>		
Annual Remuneration	637 758	95 098
Performance Bonus	18 900	-
Car Allowance	120 000	20 000
Acting Allowance	5 210	-
Relocation Allowance	-	30 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	139 182	21 243
Total	921 050	166 342

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
32	REMUNERATION OF COUNCILLORS		
	Mayor - R J White (27 September 2011 - 6 June 2013)	540 288	443 901
	Mayor - B F Zass (terminated 27 September 2011)	-	138 101
	Deputy Mayor	463 463	477 198
	Speaker	465 240	477 198
	Mayoral Committee Members	887 031	875 751
	Councillors	1 100 578	1 157 038
	Total Councillors' Remuneration	3 456 600	3 569 187
	In-kind Benefits		
	The Executive Mayor, Deputy Mayor, Speaker and Mayoral committee Members serve in a full-time capacity. They are provided with secretarial support and office accommodation at the cost of the Council.		
	Councillors may utilize municipal transportation when engaged in official duties		
33	DEBT IMPAIRMENT		
	Trade Receivables from exchange transactions - note 17	1 711 355	2 154 654
	Trade Receivables from non-exchange transactions - note 18	1 642 038	6 211 998
	Total Contribution to Impairment Provision	3 353 393	8 366 652
	Less: Portion Relating to VAT - note 12	(22 716)	(139 006)
	Total Debt Impairment	3 330 677	8 227 646
	As previously reported		8 366 652
	Correction of error restatement - note 40.04		(139 006)
	Restated balance		8 227 646
34	DEPRECIATION AND AMORTISATION		
	Property Plant and Equipment	13 728 346	12 223 424
	Investment Property	50 249	50 249
	Intangible Assets	130 401	28 010
	Total Depreciation and Amortisation	13 908 996	12 301 684
	As previously reported		18 205 303
	Correction of error restatement - note 40.05		(5 931 196)
	Correction of error restatement - note 40.06		39 708
	Correction of error restatement - note 40.07		(12 131)
	Restated balance		12 301 684
35	IMPAIRMENTS		
	Property, Plant and Equipment	38 293	7 895
	Total Impairments	38 293	7 895
	The impairments relate to the capitalised restoration costs. The impairment was caused by the change in the discount rate which is linked to the prime rate.		
36	FINANCE CHARGES		
	Long-term Liabilities	1 341 901	1 076 652
	Finance leases	34 947	58 745
	Non-Current Employee Benefits	1 474 978	1 246 417
	Non-Current Provisions - Rehabilitation of Landfill Sites	796 976	838 511
	Other	407	-
	Total Finance Charges	3 649 209	3 220 325
	As previously reported		3 218 851
	Correction of error restatement - note 40.05		1 474
	Restated balance		3 220 325

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
37	BULK PURCHASES		
	Electricity	49 855 433	42 946 118
	Water	580 748	476 549
	Total Bulk Purchases	50 436 181	43 422 667
	As previously reported		43 231 764
	Correction of error restatement - note 40.02		190 903
	Restated balance		43 422 667
	Bulk Purchases are the cost of commodities not generated by the Municipality, which the Municipality distributes in the municipal area for re-sale to consumers. Electricity is purchased from Eskom and water is purchased from a variety of suppliers including DWAF and a number of private suppliers.		
38	OPERATING GRANT EXPENDITURE		
	Office of the Municipal Manager	-	319 312
	Financial Services	1 318 108	1 249 986
	Community Development Services	5 264 068	7 669 627
	Corporate and Strategic Services	321 653	328 409
	Engineering and Planning Services	1 081 449	4 505 047
	Total Operating Grant Expenditure	7 985 279	14 072 381
	As previously reported		13 956 482
	Correction of error restatement - note 40.04		(50 051)
	Correction of error restatement - note 40.05		165 950
	Restated balance		14 072 381
39	GENERAL EXPENSES		
	Advertising	131 874	371 914
	Asset Stocktake	69 624	196 593
	Audit Fees	3 363 226	2 188 946
	Bank Charges	329 928	317 912
	Chemicals	291 583	218 729
	Cleaning Materials	99 368	92 590
	Commission paid	770 739	983 595
	Connection Materials	113 797	107 997
	Consulting Fees	5 964 091	1 859 232
	Entertainment	194 123	347 390
	Fine collections	642 583	1 270 350
	Fuel and Oil	2 559 706	2 488 677
	Insurance	494 269	407 465
	Insurance claims	183 704	70 834
	Legal Fees	2 340 284	2 012 505
	Licences	159 810	123 465
	Licences Software	1 459 118	1 483 490
	Membership Fees	158 866	692 368
	Postal Fees	186 655	306 824
	Printing and Stationary	643 348	442 636
	Protective clothing	154 508	148 285
	Sample Tests	93 474	77 596
	Security	1 359 698	1 056 817
	Special Programmes	1 347 526	1 622 534
	Telephone	1 843 703	1 534 256
	Tourism	725 050	523 200
	Training	775 694	267 178
	Travelling and Subsistence	1 090 235	1 296 744
	Valuations	857 980	1 064 486
	Vehicle Licences	126 874	119 318
	Other Expenditure	2 360 547	2 238 489
	Total General Expenses	30 891 985	25 932 415
	As previously reported		26 088 244
	Correction of error restatement - note 40.02		(32 321)
	Correction of error restatement - note 40.05		908 850
	Correction of error restatement - note 40.1		(222 238)
	Correction of error restatement - note 40.11		(851 401)
	Correction of error restatement - note 40.11		391 415
	Correction of error restatement - note 40.11		(350 134)
	Restated balance		25 932 415
	Special Programmes include poverty relief programmes, celebration of national holidays, public participation, ward based community programmes and other projects funded from own revenue.		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2012
R**40 CORRECTION OF ERROR IN TERMS OF GRAP 3****40.01 Current Employee Benefits**

No pro-rate staff bonuses were accrued for employees who joined the Municipality during the 2011/12 financial year. Accordingly, both Current Employee Benefits and Employee Related Costs were understated.

Refer to Employee Related Costs - note 31
Refer to Current Employee Benefits - note 7

118 357
(118 357)

40.02 Payables from Exchange Transactions

In the prior years, no provision for workmen's compensation was made due to assessments not received timeously. In the current year assessments were received and provisions were made accordingly amounting to R378 247. This resulted that Payables from Exchange Transactions and Employee Related costs were understated, while Accumulated Surplus was overstated.

Unknown receipts amounting to R241 762 were not recognised as income as per the accounting policy. Unknown receipts are recognised as income using the prescribe debt principle whereby unclaimed deposits older than 3 years are recognised as income. Accordingly, Payables from Exchange Transactions was overstated and Other Income was understated.

Payments receipt in advance amounting to R235 859 relating to 2010/11 for pre-paid electricity and the lease of commonage was not recognised as income for 2011/12. Accordingly, Payables from Exchange Transactions was overstated while Service Charges and Rental of Facilities and Equipment were understated.

Expenditure relating to an insurance claim amounting to R32 321 in was incorrectly allocated to General Expenses rather than to a suspense account included under Sundry Creditors. Both Payables from Exchange Transactions and General Expenses were overstated.

Water Bulk Purchases amounting to R190 901 (excl VAT) was not accrued for. Both Bulk Purchases and Payables from Exchange Transactions were understated.

Refer to Payables from Exchange Transactions - note 9	(85 934)
Refer to Taxes - note 12	26 726
Refer to Service Charges - note 27	(213 126)
Refer to Rental of Facilities and Equipment - note 28	(22 733)
Refer to Other Income - note 30	(241 762)
Refer to Employee Related Costs - note 31	56 222
Refer to Bulk Purchases - note 37	190 903
Refer to General Expenses - note 39	(32 321)
Refer to Accumulated Surplus - 1 July 2011 - note 40.13	322 025

40.03 Unspent Conditional Government Grants and Receipts

The following errors were noted and corrected:

Grant income not recognised where conditions were met - refer to note 10 and note 23

Provincial Government Grants	186 214
Housing	(141 214)
Accumulated Surplus - 1 July 2011 - note 40.13	(45 000)

Grant income recognised where conditions were not met - refer to note 10 and note 23

MIG	21 975
MSIG	30 849
IDP	45 941
LED Grant	58 500
Mobility Strategy Grant	6 089
National Government Grants	(178 109)
Provincial Government Grants	(200 530)
Accumulated Surplus - 1 July 2011 - note 40.13	125 285
Accumulated Surplus - 1 July 2011 - note 40.13	90 000

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2012
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40.04 Taxes

Input VAT to an amount of R638 135 was not claimed on valid VAT invoices for 2011/12. General Expenses, Operating Grant Expenditure and Repairs and Maintenance was therefor overstated.

Output VAT amounting to R26 927 was incorrectly paid to SARS on SETA recoveries for 2011/12.

The VAT apportionate calculation was incorrect, resulting that the Municipality overpaid SARS by R119 871. This correction related to the 2010/11 financial year.

Output VAT amounting to R54 798 was incorrectly paid to SARS on National Treasury Audit Fees Grant for 2011/12.

The effect of provision for debt impairment on Output VAT was not taken into account. The portion relating prior to 1 July 2011 is R737 565 while the portion relating to 2011/12 Debt Impairment is R139 005.

The VAT output in suspense account did not agree to the detail debtors listing. The variance of R343 042 relate to prior 1 July 2011 and seemingly related to a balances incorrectly brought forward from ABAKUS (the previous accounting system).

Refer to Taxes - note 12	1 373 260
Refer to Government Grants and Subsidies - note 23	(54 798)
Refer to Other Income - note 30	(26 927)
Refer to Debt Impairment - note 33	(139 006)
Refer to Operating Grant Expenditure - note 38	(50 051)
Refer to General Expenses - note 39	(222 238)
Refer to Statement of Financial Performance (Repairs and Maintenance) - note 40.12	(365 846)
Refer to Accumulated Surplus - 1 July 2011 - note 40.13	(514 395)

40.05 Property, Plant and Equipment

The following errors were noted on Property, Plant and Equipment which related to the prior year:

- a physical asset verification was conducted in May 2013 which resulted that a number of assets were not recorded on the asset register. The asset identified all relate to acquisitions prior to 1 July 2008. The depreciation replacement cost method was applied to establish the deemed cost of these assets as on 1 July 2008 as per Directive 7.
- residual values of assets were reassessed which resulted in a change in accumulated depreciation as on 1 July 2011 and depreciation for the 2011/12 financial year.
- a change in useful lives of assets were also conducted which also resulted in a change in accumulated depreciation as on 1 July 2011 and depreciation for the 2011/2012 financial year.
- assets which meet the definition of a finance leased asset were not included in the prior year's asset register
- assets with a zero cost price were noticed on the asset register. The depreciation replacement cost method was applied to establish the deemed cost of these assets as on 1 July 2008 as per Directive 7.
- some assets were reclassified to Investment Property or Inventory due to the nature of the land and buildings
- Corrections on retention monies amounting to R226 539 (VAT R27 820) was made on the retention register. The net effect was that retention register was overstated by the above mentioned amount.
- Operating expenditure amounting to R165 950 was incorrectly capitalised.
- Assets amounting to R105 432 was incorrectly included under Repair and Maintenance
- Finance leases amounting to R37 138 was not previously recorded as assets on the asset register.
- Operating expenditure relating to professional fees and amounting to R920 627 was incorrectly recognised as capital expenditure.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

**2012
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The effect of the above mentioned changes can be summarised as follow in the financial statements:

Refer to Long-term Liabilities - note 3	(37 138)
Refer to Payables from Exchange Transactions - note 9	226 539
Refer to Taxes - note 12	(27 820)
Refer to Other Income - note 30	6 089
Refer to Depreciation and Amortisation - note 34	(5 931 196)
Refer to Finance Charges - note 36	1 474
Refer to Operating Grant Expenditure - note 38	165 950
Refer to General Expenses - note 39	908 850
Refer to Statement of Financial Performance (Repairs and Maintenance) - note 40.12	(105 432)
Refer to Statement of Financial Performance (Loss on Disposal of Property, Plant and Equipment) - note 40.12	(74 768)
Refer to Accumulated Surplus - 1 July 2011 - note 40.13	146 896 882
 Refer to Property, Plant and Equipment (Cost - Opening Balance) - note 13	 (187 030 168)
Refer to Property, Plant and Equipment (Cost - Additions) - note 13	(2 562 599)
Refer to Property, Plant and Equipment (Cost - Disposals) - note 13	1 733 135
 Refer to Property, Plant and Equipment (Accumulated Depreciation - Opening Balance) - note 13	 41 557 372
Refer to Property, Plant and Equipment (Accumulated Depreciation - Depreciation Charge) - note 13	5 931 196
Refer to Property, Plant and Equipment (Accumulated Depreciation - Disposal) - note 13	(1 658 367)

40.06 Investment Property

An exercise was undertaken whereby all investment property as per the investment property register was compared to the deeds listing. This exercise revealed that R24 456 680 of investment property was not captured on the register. Accordingly Investment Property was understated by this amount.

In addition to the above mentioned, the useful lives of the investment property was also revised which resulted that accumulated depreciation was overstated by R191 987.

Refer to Investment Property (Cost - Opening Balance) - note 14	24 456 680
Refer to Investment Property (Accumulated Depreciation - Opening Balance) - note 14	152 278
Refer to Accumulated Surplus - 1 July 2011 - note 40.13	(24 608 958)
 Refer to Depreciation and Amortisation - note 34	 39 708
Refer to Investment Property (Depreciation charge for the year) - note 14	(39 708)

40.07 Intangible Assets

It was noted that Intangible Assets were overstated by R136 021 when the physical verification was conducted in May 2013. The majority of these assets were written off during 2011/12, but has subsequently been reversed as the asset never existed. The amortisation was also adjusted accordingly.

Refer to Intangible Assets (Cost - Opening Balance) - note 15	(216 454)
Refer to Intangible Assets (Accumulated Amortisation - Opening Balance) - note 15	80 434
Refer to Accumulated Surplus - 1 July 2011 - note 40.13	136 021
 Refer to Intangible Assets (Disposals) - note 15	 81 497
Refer to Statement of Financial Performance (Loss on Disposal of Property, Plant and Equipment) - note 40.12	(81 497)
 Refer to Intangible Assets (Amortisation for the year) - note 15	 12 131
Refer to Depreciation and Amortisation - note 34	(12 131)

40.08 Inventory

An exercise was undertaken where all inventory as per the register was compared to the deeds listings. The exercise revealed that R45 520 of inventory was not included in the register. Accordingly Inventory was understated by this amount.

Refer to Inventory - note 16	45 520
Refer to Accumulated Surplus - 1 July 2011 - note 40.13	(45 520)

During the annual stock take of the prior year, consumable store materials surpluses were identified. These surpluses were not taken into account. Accordingly, both Inventory and Stock Adjustments were understated.

Refer to Inventory - note 16	1 331
Refer to Statement of Financial Performance (Stock Adjustments) - note 40.12	(1 331)

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2012 R
40.09 Receivables from Exchange Transactions	
The estimated water and electricity consumption from the last meter reading in June 2012 until 30 June 2012 was incorrectly calculated. Accordingly, both Service Charges and Receivables from Exchange Transactions was overstated.	
Refer to Service Charges - note 27	1 601 756
Refer to Receivables from Exchange Transactions - note 17	(1 601 756)
40.10 Cash and Cash Equivalents	
The bank reconciliation contained reconciling items amounting to R69 858 which was cleared in the current year. These reconciling items related to old items.	
Further to this, pre-paid electricity sales relating to June 2012 and amounting to R260 081 were not bank timeously. These pre-paid sales relate to vendors who sell electricity at their premises.	
The above-mentioned resulted that Accumulated Surplus, Service Charges and Cash and Cash Equivalents were understated.	
Refer to Cash and Cash Equivalents - note 20	329 939
Refer to Accumulated Surplus - 1 July 2011 - note 40.13	(69 858)
Refer to Service Charges - note 27	(260 081)
40.11 Misallocations in Statement of Financial Performance	
In the prior year wages paid to EPWP employees were disclosed under Repairs and Maintenance and General Expenses. It should have been disclosed under Employee Related Costs. Accordingly, Repairs and Maintenance and General Expenses were overstated while Employee Related Costs were understated.	
Refer to Employee Related Costs - note 31	2 408 258
Refer to General Expenses - note 39	(851 401)
Refer to Statement of Financial Performance (Repairs and Maintenance) - note 40.12	(1 556 857)
In the prior year the 1% rebate received from National Treasury for audit fees was allocated against audit fee expenditure included in General Expenses. According to the auditors, the 1% rebate must be disclosed as a grant income. Furthermore, 14% Output VAT was incorrectly paid to SARS on the grant received by National Treasury.	
Refer to General Expenses - note 39	391 415
Refer to Government Grants and Subsidies - note 23	(391 415)
In the prior year relocation allowances paid to employees were disclosed as General Expenses. It should have been disclosed as Employee Related Costs as the allowances was not a direct reimbursement for moving expenses.	
Refer to Employee Related Costs - note 31	350 134
Refer to General Expenses - note 39	(350 134)
In the prior year Licences and Permits were incorrectly disclosed as part of Agency Services. A disclosure correction has been made in the current year.	
Refer to Statement of Financial Performance (Agency Services) - note 40.12	764 079
Refer to Licences and Permits - note 29	(764 079)
In the prior year the an infrastructure levy was incorrectly included under Property Rates. It should have been included under Other Taxes	
Refer to Service Charges - note 27	1 419 886
Refer to Other Taxes - note 22	(1 419 886)

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2012 R
40.12 Statement of Financial Performance	
Agency Services	971 740
As previously reported	1 735 819
Refer to Misallocations in Statement of Financial Performance note 40.11	(764 079)
Stock Adjustments	(1 331)
As previously reported	-
Refer to Inventory - note 40.08	(1 331)
Repairs and Maintenance	5 947 798
As previously reported	7 975 933
Refer to Taxes - note 40.04	(365 846)
Refer to Property, Plant and Equipment - note 40.05	(105 432)
Refer to Misallocations in Statement of Financial Performance note 40.11	(1 556 857)
Loss on disposal of Property, Plant and Equipment	2 036 600
As previously reported	2 192 865
Refer to Property, Plant and Equipment - note 40.05	(74 768)
Refer to Intangible Assets - note 40.07	(81 497)

40.13 Accumulated Surplus - 1 July 2011

Payables from Exchange Transactions - note 40.02	(322 025)
Unspent Conditional Government Grants and Receipts - note 40.03	45 000
Unspent Conditional Government Grants and Receipts - note 40.03	(125 285)
Unspent Conditional Government Grants and Receipts - note 40.03	(90 000)
Taxes - note 40.04	514 395
Property, Plant and Equipment - note 40.05	(146 896 882)
Investment Property - note 40.06	24 608 958
Intangible Assets - note 40.07	(136 021)
Inventory - note 40.08	45 520
Cash and Cash Equivalents - note 40.1	69 858
Total	(122 286 482)

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RECONCILIATION BETWEEN SURPLUS FOR THE YEAR AND CASH GENERATED BY OPERATIONS

	2013 R	2012 R
Surplus/(Deficit) for the year	21 017 131	(1 489 892)
Adjustments for:		
Depreciation and amortisation	13 908 996	12 301 684
Impairments	38 293	7 895
Loss on disposal of Property, Plant and Equipment	634 619	2 036 600
Contribution from/to employee benefits - non-current	2 677 305	2 190 096
Contribution from/to employee benefits - non-current - expenditure incurred	(704 463)	(695 061)
Contribution from/to employee benefits - non-current - net actuarial losses/(gains)	(1 547 541)	2 988 606
Contribution to employee benefits – current	3 125 664	2 744 319
Contribution to employee benefits – current - expenditure incurred	(1 963 229)	(2 197 999)
Contribution to provisions – non-current	796 976	838 511
Contribution to provisions – bad debt	3 353 393	8 366 652
Bad debts written off	(1 537 030)	(659 300)
Operating lease income accrued	7 282	(2 674)
Operating lease expenses accrued	6 205	(6 134)
Grants Received	79 729 177	64 789 317
Grant Expenditure and Transfers	(80 228 170)	(65 521 303)
Grants paid back to Treasury	(33 810)	(1 182 783)
Transfer of assets	(6 364 070)	(3 752 533)
Operating Surplus before changes in working capital	32 916 727	20 756 000
Changes in working capital	8 016 904	(9 486 834)
Increase/(Decrease) in Payables from Exchange Transactions	17 578 511	(2 272 136)
(Decrease) in Unspent Public Contributions	-	(170 914)
(Decrease)/Increase in Taxes	(1 824 988)	2 330 037
Decrease in Inventory	256 691	187 407
(Increase) in Trade and other Receivables	(7 993 309)	(9 577 587)
Decrease in Unpaid Public Contributions	-	16 359
Cash generated by operations	40 933 631	11 269 165

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
42	CASH AND CASH EQUIVALENTS		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - note 20	5 000 000	-
	Cash Floats - note 20	6 230	6 230
	Bank - note 20	1 669 538	5 873 744
	Total cash and cash equivalents	6 675 768	5 879 974

43	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
	Cash and Cash Equivalents - note 42	6 675 768	5 879 974
	Less:	1 121 730	1 648 197
	Unspent Committed Conditional Grants - note 10	1 121 730	1 648 197
	VAT - note 12	-	-
	Resources available for working capital requirements	5 554 038	4 231 777

44	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
	Long-term Liabilities - Note 3	20 686 979	11 236 683
	Used to finance property, plant and equipment - at cost	(20 686 979)	(11 236 683)
		-	-
	Cash set aside for the repayment of long-term liabilities	-	-
	Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

45 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

45.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	52 710 884	27 146 759
Unauthorised expenditure current year - operating	4 633 925	25 564 125
Unauthorised expenditure current year - capital	-	-
Written off by council	(52 710 884)	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	4 633 925	52 710 884

The unauthorised expenditure for 2012 has been adjusted to take into account corrections made relating to prior year errors.

Incident	Disciplinary steps/criminal proceedings
<i>Overspending of total amounts appropriated per vote in the approved budget</i>	<i>None</i>

	2013 Actual R	2013 Final Budget R	2013 Variance R	2013 Unauthorised R
<u>Unauthorised expenditure current year - operating</u>				
Community Development Services	27 829 541	27 060 339	769 202	769 202
Corporate and Strategic Services	18 192 540	18 864 564	(672 024)	-
Engineering and Planning Services	95 933 358	96 128 551	(195 193)	-
Financial Services	27 510 038	25 009 822	2 500 216	2 500 216
General Council	4 964 659	4 534 930	429 729	429 729
Office of the Municipal Manager	4 120 572	3 185 794	934 778	934 778
	178 550 707	174 784 000	3 766 707	4 633 925
<u>Unauthorised expenditure current year - capital</u>				
Community Development Services	8 838 708	10 960 277	(2 121 569)	-
Corporate and Strategic Services	1 364 732	1 900 000	(535 268)	-
Engineering and Planning Services	39 123 832	50 327 794	(11 203 962)	-
Financial Services	73 446	73 447	(1)	-
General Council	264 029	728 482	(464 453)	-
Office of the Municipal Manager	-	-	-	-
	49 664 747	63 990 000	(14 325 253)	-

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
45.2 Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	10 260	-
Fruitless and wasteful expenditure - current year	285 909	-
Fruitless and wasteful expenditure - prior year	-	10 260
Transfer to receivables for recovery	(10 260)	-
Fruitless and wasteful expenditure awaiting further action	285 909	10 260

Incident	Disciplinary steps/criminal proceedings		
<i>Employee who was terminated in November 2011, was still paid a salary for December 2011 and January 2012</i>	<i>A debtor has been raised to recover monies from the employee.</i>	-	10 260
<i>Payments made for goods not delivered from supplier.</i>	<i>Investigation still in progress. Case number 152/08/2012.</i>	29 500	-
<i>Loss of revenue due to electricity vendor who did not pay electricity sales to Municipality.</i>	<i>Reported to the SAPS. Case number 156/01/2013.</i>	256 409	-
		285 909	10 260

45.3 Irregular expenditure		
Reconciliation of irregular expenditure:		
Opening balance	2 284 170	90 961
Irregular expenditure - current year	-	-
Irregular expenditure - prior year	-	2 193 209
Written off by council	(510 592)	-
Transfer to receivables for recovery	-	-
Irregular expenditure awaiting further action	1 773 578	2 284 170

Incident	Disciplinary steps/criminal proceedings		
<i>Non-compliance with SCM.</i>	<i>None.</i>	-	510 592
<i>Property sold for substantially less than market value</i>	<i>Recovery process is underway. Case number 43/05/2013.</i>	1 773 578	1 773 578
		1 773 578	2 284 170

45 MATERIAL LOSSES

Water distribution losses

Kilo litres disinfected/purified/purchased	3 441 916	3 250 051
Kilo litres sold and free basic services	(2 930 914)	(2 165 727)
Kilo litres lost during distribution	511 002	1 084 324
Percentage lost during distribution	14.85%	33.4%

The reason for the decrease in water losses is due to community taps in the rural areas which was not previously metered.

Electricity distribution losses

Units purchased (Kwh)	63 465 319	61 059 718
Units sold, free basic services and standard friction losses	(57 276 885)	(49 565 048)
Units lost during distribution (Kwh)	6 188 434	11 494 670
Percentage lost during distribution	9.75%	18.83%

The reason for the decrease in electricity losses is due to electricity metered in the rural areas which was not previously metered.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
46	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
46.1	<u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u>		
	Opening balance	-	-
	Council subscriptions	591 003	246 511
	Amount paid - current year	(591 003)	(246 511)
	Amount paid - previous years	-	-
	Balance unpaid (included in creditors)	-	-
46.2	<u>Audit fees - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	-
	Current year audit fee	3 972 125	2 004 194
	External Audit - Auditor-General	3 928 775	1 966 424
	Audit Committee	43 350	37 770
	Amount paid - current year	(3 586 151)	(2 004 194)
	Balance unpaid (included in creditors)	385 974	-
46.3	<u>VAT - [MFMA 125 (1)(b)]</u>		
	Opening balance	425 392	1 547 110
	Amounts received - current year	(3 843 602)	(4 962 101)
	Amounts claimed - current year	5 982 968	3 840 383
	Closing balance - Receivable	2 564 758	425 392
	VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.		
46.4	<u>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	7 207 450	8 599 941
	Amount paid - current year	(7 207 450)	(8 599 941)
	Balance unpaid (included in creditors)	-	-
46.5	<u>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	13 181 175	10 880 340
	Amount paid - current year	(13 181 175)	(10 880 340)
	Balance unpaid (included in creditors)	-	-
46.6	<u>Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]</u>		
	The following Councillors had arrear accounts for more than 90 days as at 30 June 2013:		
		2013 R Outstanding more than 90 days	2012 R Outstanding more than 90 days
	Councillor J Barnard	3 091	665
	Councillor BF Zass	515	-
	Total Councillor Arrear Consumer Accounts	3 606	665

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
42.7 Other non-compliance (MFMA 125(2)(e))		
All the deviations were ratified by the Municipal Manager and reported to Council.		
Section 36(1)(a)(i) - Emergencies	260 009	719 453
Section 36(1)(a)(ii) - Single provider	167 037	538 232
Section 36(1)(a)(iii) - Specialised services	-	3 861 920
Section 36(1)(a)(iv) - Acquisition of animals for zoo's	-	-
Section 36(1)(a)(v) - Impractical so follow official procurement process	425 194	555 852
	852 240	5 675 457
Office of the Municipal Manager	8 000	602 885
Financial Services	31 627	431 073
Corporate and Strategic Services	315 873	1 481 775
Community Development Services	292 379	1 257 812
Engineering and Planning Services	204 361	1 901 912
	852 240	5 675 457
47 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
Approved and contracted for:	12 813 284	29 834 954
This expenditure will be financed from:		
External Loans	-	340 568
Government Grants	12 813 284	29 449 831
Own Funding	-	44 555
	12 813 284	29 834 954
48 FINANCIAL RISK MANAGEMENT		
The activities of the Municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Municipality's financial performance.		
(a) Foreign Exchange Currency Risk		
The Municipality does not engage in foreign currency transactions.		
(b) Price risk		
The Municipality is not exposed to price risk.		
(c) Interest Rate Risk		
As the Municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.		
The Municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities		
The Municipality did not hedge against any interest rate risks during the current year.		
The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:		
0.5% (2012 - 0.5%) Increase in interest rates	(70 087)	(26 815)
0.5% (2012 - 0.5%) Decrease in interest rates	70 087	26 815

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	R	R

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Management Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

Balances past due not impaired:

	2013	2013	2012	2012
	%	R	%	R
<u>Non-Exchange Receivables</u>				
Rates	71%	5 332 293	63%	3 763 900
Other Receivables	29%	2 208 708	37%	2 247 164
	<u>100%</u>	<u>7 541 001</u>	<u>100%</u>	<u>6 011 064</u>
<u>Exchange Receivables</u>				
Electricity	36%	6 520 817	30%	4 255 355
Water	29%	5 247 598	28%	4 004 839
Refuse	13%	2 331 034	15%	2 142 164
Sewerage	19%	3 529 429	23%	3 225 208
Other	3%	512 859	4%	570 984
	<u>100%</u>	<u>18 141 738</u>	<u>100%</u>	<u>14 198 549</u>

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 17 and 18 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2013	2013	2012	2012
	%	R	%	R
<u>Non-Exchange Receivables</u>				
Rates	<u>100%</u>	<u>12 343 849</u>	<u>100%</u>	<u>10 701 811</u>
<u>Exchange Receivables</u>				
Electricity	27%	2 572 910	29%	2 784 002
Water	34%	3 278 287	31%	2 953 047
Refuse	11%	1 035 059	11%	1 016 052
Sewerage	24%	2 362 497	25%	2 349 979
Loan Instalments	0%	43 592	0%	-
Other	4%	396 632	4%	411 573
	<u>100%</u>	<u>9 688 978</u>	<u>100%</u>	<u>9 514 653</u>

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<p>The Municipality only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.</p>		
<p>The banks utilised by the Municipality for current and non-current investments are all listed on the JSE (ABSA Bank and Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.</p>		
<p>The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.</p>		
<p>Financial assets exposed to credit risk at year end are as follows:</p>		
Receivables from Exchange Transactions	24 765 851	21 579 918
Receivables from Non-exchange Transactions	10 830 903	7 839 889
Cash and Cash Equivalents	6 675 768	5 879 974
Unpaid conditional grants and subsidies	388 570	382 234
	42 661 092	35 682 015

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
2013				
Long-term Liabilities	5 183 194	14 910 951	9 787 562	29 881 707
Capital repayments	3 250 767	9 945 969	7 490 243	20 686 979
Interest	1 932 427	4 964 982	2 297 319	9 194 728
Provisions - Landfill Sites	6 577 806	14 374 537	-	20 952 343
Capital repayments	6 388 940	12 859 429	-	19 248 369
Interest	188 866	1 515 108	-	1 703 974
Payables from Exchange Transactions	37 272 645	-	-	37 272 645
Unspent conditional government grants and receipts	1 121 730	-	-	1 121 730
Unspent Public Contributions	2 409	-	-	2 409
	50 157 784	29 285 488	9 787 562	89 230 834
2012				
Long-term Liabilities	3 346 954	9 366 078	916 380	13 805 564
Capital repayments	2 549 700	7 782 274	904 709	11 236 683
Interest	973 406	1 595 476	-	2 568 881
Provisions - Landfill Sites	2 171 679	12 556 572	6 308 114	21 036 366
Capital repayments	2 171 679	10 953 986	4 483 059	17 608 724
Interest	-	1 602 586	1 825 055	3 427 641
Payables from Exchange Transactions	20 118 882	-	-	20 118 882
Unspent conditional government grants and receipts	1 648 197	-	-	1 648 197
Unspent Public Contributions	2 409	-	-	2 409
	27 288 121	21 922 650	7 224 494	56 611 418

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
49	FINANCIAL INSTRUMENTS		
	In accordance with GRAP 104 the financial instruments of the Municipality are classified as follows:		
49.1	<u>Financial Assets</u>		
	Financial Instruments at Amortised Cost		
	Receivables from Exchange Transactions	24 765 851	21 579 918
	Receivables from Non-exchange Transactions	10 830 903	7 839 889
	Unpaid Conditional Government Grants and Receipts	388 570	382 234
	Cash and Cash Equivalents	6 675 768	5 879 974
	Total carrying amount of financial assets	42 661 092	35 682 015
49.2	<u>Financial Liability</u>		
	Financial Instruments at Amortised Cost		
	Long-term Liabilities	17 436 212	8 686 982
	Payables from Exchange Transactions	38 784 608	21 273 385
	Unspent Conditional Grants and Receipts	1 121 730	1 648 197
	Unspent Public Contributions	2 409	2 409
	Current Portion of Long-term Liabilities	3 250 767	2 549 701
	Total carrying amount of financial liabilities	60 595 726	34 160 674
50	EVENTS AFTER THE REPORTING DATE		
	The Municipality do not have any events after reporting date.		
51	IN-KIND DONATIONS AND ASSISTANCE		
	The Municipality did not receive any in-kind donations or assistance during the year under review.		
52	PRIVATE PUBLIC PARTNERSHIPS		
	Council has not entered into any private public partnerships during the financial year.		
53	CONTINGENT LIABILITY		
	The Municipality had the following contingent liabilities at reporting date:		
	A claim to an amount of R100 000 was lodge by Mike Hector for defamation of character. The Municipality's attorneys are of the opinion that this case has no merit and will be probably be settled outside of Court.		
	The Trade Union, IMATU, contested the implementation of a wage curve agreement in the Labour Court and the court ruled in favour of IMATU. The effect of the ruling is a general 2% increase in remuneration as from October 2009. The Employers Organisation, SALGA, resolved to take the ruling of the Labour Court on review.		
	Legal matter (court application) by Municipality against DIPC. The legal costs for which the Municipality may be liable if the Municipality is unsuccessful are estimated to be approximately R300 000.		
	Bia Formosa Investments has lodge a claim against the Municipality for non performance of the SCM. The amount in dispute is R151 818.		
	Goedehoop Citrus mitigation recovery of R1 773 578 for shortfall for erven 1765 and 1766 which was sold for substantially less than market value.		
	Matter against the Municipality by Jimmy Barnard: This matter has been finalised but legal costs that have to be taxed or agreed. The legal costs for which the Municipality may be liable are estimated at R50 000.		
	Matter against the Municipality by FR Du Preez: This is an urgent application for spoliation against the Municipality. An interim order has been granted. Matter has been postponed until 3 September 2013 but likely to be further postponed as parties attempting to resolve matter. The legal costs for which the Municipality may be liable are estimated at R15 000.		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

54 RELATED PARTIES

Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

54.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

54.2 Compensation of management personnel

The compensation of management personnel is set out in note 31 and 32 to the financial statements.

54.3 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest:

Company Name	Related Party	Service Capacity	Relationship	2013 R	2012 R
A Kotze	Mr J Kotze	LED Officer	Aunt	-	281 516
Petula's Catering	Ms M Heins	Acting Helpdesk Clerk	Daughter	-	3 900
P Sobekwa	Mr J Sobekwa	Team Leader Technical	Sister	58 950	11 647
Colc Civil Construction	Mr H Scheepers	General Worker Technical	Brother	-	11 647
Goeieman Vervoer	Mrs C Mouton	PA Director Finance	Brother	-	27 012
Teleios Consulting CC	Mr G Smith	Councillor	In-law farther	-	9 600
IBR Consultants	Mr I Kenned	Municipal Manager	Director	-	175 000
C Newman	SC Newman	Councillor	Sister	22 933	-
Cedar Décor	H Evans	PA Director Technical Services	Daughter	4 500	-
CK Fredericks	A Fredericks	General Worker	Wife	3 500	-
				89 883	520 322

55 EXPLANATORY NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL**55.01 ORIGINAL BUDGET vs FINAL BUDGET****Statement of Financial Position**

Total non-current assets were increased due to additional RBIG grant funding received for capital expenditure.

Statement of Financial Performance - Revenue

Capital Transfers were increased due to additional funding received from RBIG.

Statement of Financial Performance - Expenditure

Employee Costs were decreased due to the decision to only fill the electrical engineer and town planner position in the next financial year. Further to this not all vacant posts were filled.

Bulk Purchases were increased as the result of the actual figures for 2011/12 indicating that the budget for bulk purchases was understated.

General Expenses were decreased in order to compensate for the increase in bulk purchases.

Cash Flow Statement

Net Cash Flow from Operating Activities were decreased due to incorrect assessment made during the draft of the original budget.

Net Cash Flow from Investing Activities were increased due to additional RBIG funding received.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

55.02 ACTUAL AMOUNTS vs FINAL BUDGET

Statement of Financial Position

Total current assets were more than budgeted for due to indigent debtors increased.

Total non-current assets were less than budgeted for due to an exercise which was undertaken to verify all Property, Plant Equipment and Investment Property. The exercise revealed that non-current assets were overstated and it was corrected in the current year.

Total current liabilities was more than budgeted for due to the a decrease in the estimated useful lives of landfill site as a result of the regional waste site that will be implemented in the next 3 years. Payables were also more than budgeted for as a result of creditors not yet paid at year end.

Total non-current liabilities were more than budget for due to the a decrease in the estimated useful lives of landfill site as a result of the regional waste site that will be implemented in the next 3 years.

Statement of Financial Performance - Revenue

Property Rates were less than budgeted for due to an increase in indigent debtors which was granted a 40% discount.

Service Charges were also less than budgeted for due to an increase in indigent debtors which was granted a 100% rebate on sewerage, refuse removal, first 6 kilolitre of water and 50 kwh units of electricity.

The majority of budget included in Own funding serve as reserve for capital additions from own funding which did not materialise. Fines was also less than budget for a there was a vacancy for the Traffic Chief for the majority of the year.

Statement of Financial Performance - Expenditure

Depreciation and Amortisation was less than budgeted for as a result of the exercise undertaken to verify assets. The exercised revealed that assets were overstated. The overstatement was corrected and subsequent to this the depreciation as well.

Finance Charges were more than budgeted for as the finance charges relating to the landfill site provision and employee benefits were not budgeted for.

Bulk Purchases were more than budgeted for due to a higher demand in electricity as a result of extremely cold weather conditions.

General Expenses were more than budgeted for due to a drastic increase in audit fees. Professional Fees were also more than budgeted for due to additional projects undertaken. In addition to this, the loss on disposal of property, plant and equipment was not budgeted for.

Cash Flow Statement

Net Cash Flow from Operating Activities was less than what was budgeted for due to significant increase in indigent support.

Net Cash Flow from Investing Activities were less than budgeted for as less capital expenditure from own funding was incurred.

Net Cash Flow from Financing Activities were more than what was budgeted for as the Standard Bank loan's repayment was negotiated for repayment only to commence in September 2013.

55.03 RECONCILIATION BETWEEN BUDGETS DISCLOSED AND APPROVED BUDGETS

	Original Budget	Final Budget
Expenditure as per approved budget schedules	169 852 458	168 353 686
Repairs and Maintenance expenses incorrectly included as below the line items in budget	10 000 000	6 430 000
Amounts as disclosed in Statement of Comparison of Budget and Actual Amounts	<u>179 852 458</u>	<u>174 783 686</u>

APPENDIX A - Unaudited
CEDERBERG LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013

EXTERNAL LOANS	Rate	Loan Number	Maturity date	Balance at 30 June 2012	Correction of error	Balance at 30 June 2012 Restated	Received during the period	Redeemed during the period	Balance at 30 June 2013
ANNUITY LOANS									
ABSA	9.53%	30-1738-1864	31 Mar 2016	7 821 312	-	7 821 312	-	(1 821 576)	5 999 736
ABSA	9.64%	28-7900-0691	30 Sep 2018	2 845 614	-	2 845 614	-	(330 954)	2 514 660
Standard Bank	10.36%	03-263-793-4	31 Mar 2023	-	-	-	12 000 000	-	12 000 000
Total Annuity Loans				10 666 926		10 666 926	12 000 000	(2 152 530)	20 514 396
HIRE PURCHASES									
ABSA Motor Vehicles	11.50%	7691-1261	30 Apr 2013	18 743	-	18 743	-	(18 743)	-
ABSA Motor Vehicles	11.50%	7691-1466	30 Apr 2013	19 925	-	19 925	-	(19 925)	-
ABSA Motor Vehicles	11.50%	7691-6026	30 Apr 2013	67 027	-	67 027	-	(67 027)	-
ABSA Motor Vehicles	11.50%	7691-6182	30 Apr 2013	45 245	-	45 245	-	(45 245)	-
ABSA Motor Vehicles	11.50%	7691-1016	30 Apr 2013	18 080	-	18 080	-	(18 080)	-
Total Hire Purchases				169 020	-	169 020	-	(169 020)	-
LEASE LIABILITIES									
Copier AF2018D - Serial J9246200379			May 2013	9 343	-	9 343	-	(9 343)	-
Copier/Printer/Fax Aficio 1013F - Serial H9239600115			Aug 2012	829	-	829	-	(829)	-
Copier/Printer/Fax Aficio 1515MFP - Serial K2168506376			Oct 2012	1 546	-	1 546	-	(1 546)	-
Copier/Printer/Fax MP171SPFCHN - Serial L7096561533			Oct 2012	5 300	-	5 300	-	(5 300)	-
Copier/Printer/Fax/Scanner MP2000SPFRD - Serial L096560675			Sep 2012	3 954	-	3 954	-	(3 954)	-
Copier/Printer/Fax MP171SPFCHN - Serial J9047120184			Dec 2013	6 628	-	6 628	-	(4 319)	2 309
Copier/Printer/Fax MP171SPFCHN - Serial J9056720721			Oct 2013	8 939	-	8 939	-	(6 603)	2 336
Copier/Printer/Fax MP171SPFCHN - Serial K2168506060			Oct 2013	10 442	-	10 442	-	(7 714)	2 728
Copier/Printer/Fax MP171SPFCHN - Serial K2258901289			Dec 2013	8 305	-	8 305	-	(5 412)	2 893
Copier/Printer/Fax MP171SPFCHN - Serial K9362800303			Nov 2013	21 471	-	21 471	-	(14 870)	6 601
Copier/Printer/Fax MP171SPFCHN - Serial V4408710345			Dec 2013	9 984	-	9 984	-	(6 505)	3 479
Copier/Printer/Fax MP171SPFCHN - Serial V4409007412			Mar 2014	11 521	-	11 521	-	(6 361)	5 160
Copier/Printer/Fax MPC2050ADB - Serial V2204604385			Mar 2014	55 183	-	55 183	-	(30 469)	24 714
Copier/Printer/Fax MPC2050ADB - Serial V2204604386			Mar 2014	55 183	-	55 183	-	(30 469)	24 714
Copier/Printer/Fax MPC2800 - Serial V1404502486			May 2014	60 005	-	60 005	-	(30 638)	29 367
Copier/Printer/Fax MP6001 - Serial V6993500242			May 2014	85 528	-	85 528	-	(43 670)	41 858
Copier/Printer/Fax AF1515MFP - Serial K2149300392			May 2014	9 435	-	9 435	-	(4 818)	4 617
Copier/Printer/Fax MP1600FRA - Serial L6867063147			June 2013	-	5 716	5 716	-	(5 716)	-
Copier/Printer/Fax MPC2051AD - Serial V9723800805			June 2015	-	31 422	31 422	-	(9 615)	21 807
Total Lease Liabilities				363 597	37 138	400 735	-	(228 151)	172 584
TOTAL EXTERNAL LOANS				11 199 543	37 138	11 236 681	12 000 000	(2 549 701)	20 686 980

APPENDIX B - Unaudited
CEDERBERG LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 July 2012 R	Correction of error R	Restated balance 1 July 2012 R	Paid back to Treasury R	Contributions during the year R	Operating Expenditure Transferred to Revenue R	Capital Expenditure Transferred to Revenue R	Balance 30 June 2013 R	Unspent 30 June 2013 (Creditor) R	Unpaid 30 June 2013 (Debtor) R
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS										
<u>National Government Grants</u>										
Equitable Share	-	-	-	-	26 013 000	(26 013 000)	-	-	-	-
Municipal Infrastructure Grant (MIG)	(156 820)	147 260	(9 560)	-	15 544 000	-	(15 534 440)	-	-	-
Municipal Systems Improvement Grant (MSIG)	11 999	30 849	42 848	(33 811)	800 000	(809 037)	-	-	-	-
Financial Management Grant (FMG)	-	-	-	-	1 250 000	(1 250 000)	-	-	-	-
Integrated National Electrification Programme	-	-	-	-	5 300 000	-	(5 141 403)	158 597	-	-
Department of Water Affairs	(21 639)	-	(215 272)	-	-	-	-	(215 272)	-	(215 272)
EPWP	-	-	-	-	1 162 000	(1 144 381)	(17 619)	-	-	-
Department of Rural Affairs National	105 000	-	105 000	-	979 008	(1 084 008)	-	-	-	-
Neighbourhood Development Partnership	195 050	-	195 050	-	945 000	-	(969 205)	170 845	170 845	-
Regional Bulk Infrastructure Grant (RBIG)	366 931	-	366 931	-	20 162 511	-	(20 529 442)	-	-	-
WSOG - ACIP	(173 298)	-	(173 298)	-	-	-	-	(173 298)	-	(173 298)
WSOG - O&M	-	-	-	-	193 000	(193 000)	-	-	-	-
Total National Government Grants	327 223	178 109	311 699	(33 811)	72 348 519	(30 493 426)	(42 192 110)	(59 128)	329 442	(388 570)
<u>Provincial Government Grants</u>										
Bird Island Project	237 657	-	237 657	-	-	-	-	237 657	237 657	-
LED Grant	38 024	58 500	96 524	-	-	-	-	96 524	96 524	-
Spacial Development Framework	23 542	90 000	113 542	-	-	-	-	113 542	113 542	-
Preparation Fund project	6 673	-	6 673	-	-	-	-	6 673	6 673	-
Human Settlement Development Grant	748 000	(141 214)	606 786	-	2 953 595	-	(3 560 381)	-	-	-
Performance Management Support	58 329	-	58 329	-	200 000	(205 765)	-	52 564	52 564	-
Library Services	665	-	665	-	384 105	(33 889)	(350 882)	-	-	-
Library Services MRF	-	-	-	-	2 788 000	(2 788 000)	-	-	-	-
CDW Support	3 094	-	3 094	-	270 000	(269 979)	(3 115)	-	-	-
Housing Consumer Education	66 940	-	66 940	-	-	-	-	66 940	66 940	-
Provincial Health Subsidy	-	-	-	-	1 957	(1 957)	-	-	-	-
Road Maintenance	-	-	-	-	89 000	(89 000)	-	-	-	-
Development of Sport and Recreational Facilities	27 016	-	27 016	-	94 000	-	(53 030)	67 986	67 986	-
Mobility Strategies Grant	9 208	6 089	15 297	-	-	-	-	15 297	15 297	-
Master Planning Grant	47 000	(45 000)	2 000	-	-	-	-	2 000	2 000	-
Marine Living Resources Fund	48 152	-	48 152	-	-	(48 152)	-	-	-	-
IDP Grant	(374 351)	45 941	(328 410)	-	400 000	(71 590)	-	-	-	-
Financial Management Support Grant	-	-	-	-	200 000	(66 895)	-	133 105	133 105	-
Total Provincial Government Grants	939 948	14 316	954 264	-	7 380 658	(3 575 227)	(3 967 407)	792 288	792 288	-
TOTAL	1 267 171	192 425	1 265 963	(33 811)	79 729 177	(34 068 653)	(46 159 517)	733 160	1 121 730	(388 570)